

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING  
OCTOBER 22, 2014  
APPLICATION SUMMARY**

NAME OF PROJECT: Good Samaritan Society-Fairfield Glade

PROJECT NUMBER: CN1407-031

ADDRESS: 100 Samaritan Way  
Crossville (Cumberland County), Tennessee 38558

LEGAL OWNER: The Evangelical Lutheran Good Samaritan Society  
4800 West 57<sup>th</sup> Street  
Sioux Falls, (Minnehaha, County), SD 57108

OPERATING ENTITY: Not applicable

CONTACT PERSON: Michael D. Brent, Attorney  
(615) 252-2361

DATE FILED: July 14, 2014

PROJECT COST: \$6,520,495.00

FINANCING: Combination of Cash Reserves and Tax-Exempt Bonds

REASON FOR FILING: The addition of 30 dually-certified skilled beds to the existing 30 bed nursing home for a total of 60 beds. *The additional 30 nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2014 to June 2015 state fiscal year period.*

DESCRIPTION:

Good Samaritan Society-Fairfield Glade (Fairfield Glade), whose owner is the Evangelical Good Samaritan Society, a North Dakota nonprofit corporation founded in 1922, is seeking approval for the addition of 30 beds to its existing 30-bed nursing home approved in CN0806-035A. The project involves approximately 27,306 square feet of new construction to house the additional beds in all private rooms. The target date for completion of the project is March 2015, subject to licensure approval by the Tennessee Department of Health.

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SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

**NURSING HOME SERVICES**

**A. Need**

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65-74, plus} \\ & .0600 \times \text{pop. 75-84, plus} \\ & .1500 \times \text{pop. 85, plus} \end{aligned}$$

*See step 2 below for the Nursing Home Bed Need calculation.*

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

*According to the bed formula set forth in TCA 68-11-108, the Tennessee Department of Health (TDH) calculated the bed need for Cumberland County to be 685 beds in Calendar Year (CY) 2015 and 700 nursing home beds in CY2016. Please see Staff Note in Item 3 that follows for additional discussion of the bed need formula.*

*It appears that this criterion has been met.*

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

*The TDH web-site indicates that there are currently 371 licensed nursing home beds in Cumberland County. There is one outstanding Certificate of Need project for the renovation of the Wharton Nursing Home, CN1403-006A, in Cumberland County at a cost in excess of \$2 million. The project does not change the bed complement of the facility. The result is a net bed need (or shortage) of 314 beds in CY2015 and 329 beds in CY2016.*

*\*Note to Agency Members Regarding Bed Need Formula: The formula was included in a 1996 amendment to the statute governing*

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*the development of new nursing home beds. The formula was based upon a population-based methodology that did not consider levels of care (skilled or non-skilled) or payment sources (Medicare, Medicaid, 3rd party). Institutional care was the norm and there were limited, if any, home and community-based care options. The Long-Term Care Community Care Community Choices Act of 2008 (CHOICES) and the 2012 changes in Nursing Facility Level of Care Criteria for TennCare recipients have impacted nursing home occupancies in TN. According to TCA § 68-11-1622, the Agency shall issue no certificates of need for new nursing home beds other than the one hundred twenty-five beds included per fiscal year (commonly referred to as the 125-bed pool). These beds must be certified to participate in the Medicare skilled program. This does not preclude a nursing home from dually certifying beds for both Medicare and Medicaid.*

4. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

*The applicant states the project's service area will be Cumberland County. The majority of the service area population is within 30 minutes travel time of the proposed facility. Review of the applicant's 2012 Joint Annual Report maintained by TDH revealed that residents of Cumberland County accounted for approximately 192 of 194 total admissions to the facility in CY2012.*

*It appears that this criterion has been met.*

5. The Health Services and Development Agency may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:

- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and

*It appears that this criterion is not applicable since the thirty (30) proposed nursing home beds are not in excess of the need standard of the 1990s formula.*

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- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

*It appears that this criterion is not applicable since the thirty (30) proposed nursing home beds are not in excess of the need standard of the 1990s formula.*

**B. Occupancy and Size Standards:**

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

*The applicant states the occupancy of the existing 30 bed facility was 94.3% in CY 2013 – its second full year of operation following initiation of services in 2010 as approved in CN0806-035A. The applicant's occupancy through the 5 months ending May 31, 2014 was 95%. Projected occupancy of the 60 beds is approximately 75% in Year 1 increasing to 80% in Year 2 following project completion.*

*It appears that this criterion will not be met.*

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

*Including the applicant, there are 4 nursing home facilities in Cumberland County with a combined total of 371 licensed beds. The combined occupancy from CY2010 – CY2012 was 83%, 77% and 82%, respectively, during the period. Of the 4 nursing homes, Wharton Nursing Home was the only facility in excess of 50 beds that achieved occupancy at or above 95% in the most recent 3 year period (98% in CY2010, 98% in CY2011 and 94% in CY2012). Please see the table "Cumberland County Utilization Trends, 2010-2012" on page 8 of the July 31, 2014 Supplemental Response for further reference.*

*It appears that this criterion has not been met.*

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3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

*The occupancy of Fairfield Glade was 94.3% in CY2013 and 95% for the 5 months ending May 31, 2014. Per Item 3 of the 7/24/14 Supplemental Response, it appears that the facility occupancy was approximately 97% during the 11 months ending June 30, 2014.*

*It appears the applicant will meet this criterion.*

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Services and Development Agency may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

*This application is for the addition of 30 beds to an existing 30 bed licensed nursing home for a total of 60 licensed beds.*

*It appears that this criterion has been met.*

## STAFF SUMMARY

*Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.*

The applicant proposes to add 30 dually certified beds to its existing 30 bed nursing home located on Fairfield Glade's 23 acre Continuing Care Retirement Community campus (CCRC) in Crossville, Tennessee. The applicant's nursing home was approved in CN0806-035AE, opened in calendar year (CY) 2011 and is now approaching full occupancy. This project involves approximately 27,306 square feet (SF) of new construction to enlarge the existing nursing home for the 30 new beds, add connectors to the existing rehabilitation and patient care units, and add additional space for support needs, including a kitchen, dining area, consultation/visiting room, and a library. Although not a part of the project for certificate of Need purposes, the applicant also

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plans on adding more independent living apartments and assisted living units to the CCRC.

#### **125 bed Nursing Home Bed Pool**

- The applicant is requesting 30 new beds which will come from the Nursing Home 125 bed pool for the July 2014 to June 2015 state fiscal year period.
- There are currently 125 nursing home beds available in the July 2014 to June 2015 bed pool.
- A copy of the 125 bed pool bed stats is located at the end of this summary.

#### **Ownership**

The Evangelical Lutheran Good Samaritan Society (ELGSS), a North Dakota nonprofit corporation founded in 1922, owns 100% of The Good Samaritan Society-Fairfield Glade. The applicant provides the following:

- ELGSS operates senior housing and health care facilities in approximately 240 locations in 22 states.
- Services focus on the concept of “aging in place” through communities that provide a continuum of care, including assisted living, senior housing, skilled nursing care and home care.
- The Continuing Care Retirement Community (CCRC) at Fairfield Glade is currently the only ELGSS facility in Tennessee.

#### **Facility Information**

- The original nursing home approved in CN0806-035AE opened in September 2011.
- The facility took 3 years to build at a cost of approximately \$6,637,045 (*note: the Agency approved a 1 year extension of the project at the 11/18/09 meeting*).
- In addition to the nursing home, the CCRC also contains 42 independent living apartments and 26 assisted living units
- The 30 additional beds will be housed in 2 new wings that will be added to the first floor of the existing building.
- The applicant will also expand other services on the CCRC campus. Independent living apartments will increase from 42 to 116 total apartments. Assisted living units will increase from 26 to 50 total units.
- Additional space for rehabilitation services, dining, kitchen, patient activities and consultation is included in the project.

#### **Project Need**

The applicant provided the following justification for the project:

- The current bed need formula identified a net need in Cumberland County in CY2016 for 700 total nursing home beds compared to a current supply of 371 licensed beds.

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- Growth in housing options on the CCRC campus will increase demand for nursing home beds.
- Increases in bed occupancy above 95% for most recent 12-month period.
- Increase in patient average length of stay from 2012 - present also has impacted the availability of licensed beds.
- During August 2013 to June 2014, the applicant was unable to admit 146 of 357 total referrals due to a lack of licensed nursing home beds.
- Letters of support from State Representative Cameron Sexton, Cumberland County Mayor Kenneth Carey, Jr., Crossville Mayor J.H. Graham III, and Donald Reis, Chairman, Good Samaritan Society Administrator's Advisory Board help justify the need for the proposed 30 bed addition.

### Service Area Demographics

The applicant's declared service area is Cumberland County. An overview of the service area is provided as follows:

- The total population of the service area is estimated at 57,815 residents in calendar year (CY) 2014 increasing by approximately 1.9% to 58,913 residents in CY 2016.
- The overall statewide population is projected to grow by 1.9% from 2014 to 2016.
- The 65 and older population is expected to comprise approximately 26.9% of the total county population in CY2016 compared to 15.5% statewide.
- The 65 and older population of Cumberland County will increase by approximately 1% from CY2014 to CY2016 compared to a statewide increase of 15.5% during the period.
- The proportion of TennCare enrollees of the total county population is 18.3%, compared with the state-wide average of 18.6%.

### Historical Utilization

As documented in the 7/31/14 supplemental response, the inventory and utilization of nursing homes in Cumberland County is summarized in the tables below.

**Cumberland County Nursing Home Utilization-2012**

Name	Lic. Beds	Beds- MCARE only- certified	Beds- Dually Certified	Beds Level 1 certified MCAID	Licensed Only Beds Non- Certified	SNF MCARE ADC	Level 2 MCAID ADC	Skilled All other Payors ADC	Non- skilled ADC	Total ADC
Fairfield Glade	30	0	30	0	0	13.6	0	10.9	0	24.50
Life Care	122	0	122	0	0	19.0	55.2	15.1	0	89.30
Wyndridge	157	0	157	0	0	19.7	0.5	0.4	113.03	133.65
Wharton	62	0	62	0	0	0	0	0	58.30	58.30
<b>Total</b>	<b>371</b>	<b>0</b>	<b>371</b>	<b>0</b>	<b>0</b>	<b>52.3</b>	<b>55.7</b>	<b>26.4</b>	<b>171.33</b>	<b>305.75</b>

Source: Nursing Home JAR, 2012 (legend: Medicare=MCARE; TennCare/Medicaid=MCAID)

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The utilization table reflects the following:

- All of the 371 licensed beds in Cumberland County are dually certified beds
- Average daily occupancy (ADC) was 306 or 82.5% of all licensed beds in CY2012
- Non-skilled patients accounted for the highest utilization at 56% of total ADC in CY2012
- Medicare Skilled ADC was 52 patients per day or 17 % of total ADC
- Medicaid Skilled ADC was 55.7 patients per day or 19% of total ADC
- Although the applicant is dually certified for participation in Medicare and Medicaid, it has not served Medicaid/TennCare Level 2 or Level 1 patients since opening in late 2011.
- Other Payor Skilled ADC was 26.4 patients per day or 8% of licensed beds

**Cumberland County Nursing Home Utilization**

Facility	Lic Beds	2010 % Occupancy	2011 % Occupancy	2012 % Occupancy
Fairfield Glade	30	Not Open	4% (Sept-Dec)	81.6%
Life Care	122	65.8%	69.9%	73.2%
Wyndridge	157	89.7%	87.2%	85.1%
Wharton	62	97.8%	98.3%	93.9%
Total	371	82.6%	76.6%	82.4%

Source: Nursing Home JAR, 2010-2012

- Utilization of the 4 nursing homes in Cumberland County increased by approximately 8.5% from 2010-2012, primarily due to the opening of Fairfield Glade in 2011.
- Utilization declined in 2 of the 4 nursing homes during the period.
- Total combined bed occupancy remained relatively unchanged during the period at approximately 82% of all 371 licensed beds.
- Although not reflected in the table, the occupancy of the current 30 bed facility was approximately 97% for the 11 months ending June 2014.

**Projected Utilization**

The applicant developed projections in light of historical census levels and trends in deflections of referrals as documented in the table on page 20 of application. The applicant also considered future skilled nursing care needs by residents on the CCRC campus that are "aging in place" in independent or assisted living units.

*Note to Agency Members: although the applicant's historical utilization has not included Medicaid/TennCare patients, the applicant does project utilization for these patients requiring skilled, Level 2 services but has omitted utilization for level 1 Medicaid patients in Year 1 and Year 2. Per Item 18 of the 7/24/14 supplemental*

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*response, it should be noted that the applicant acknowledges that there will be a number of patients transitioning to TennCare. Further, the applicant states that it will not refuse accommodations to patients who transition from TennCare from other payor sources.*

*With this in mind, staff is concerned with the omission of Level 1, non-skilled TennCare projected utilization. This concern is based on responsibilities of all dually certified Medicare/Medicaid facilities for compliance with federal regulations governing admission, transfer, and discharge rights (CFR 483.12) regardless of payor source. Additionally, the applicant is subject to the Linton Consent Decree which is explained in more detail below.*

*A legal precedent was established in the Linton Ruling, a Tennessee lawsuit settled in 1990. Mildred Lea Linton, a nursing home resident, represented a class of plaintiffs who alleged that Tennessee's nursing home bed certification policy, in which fewer than all beds within a particular wing or floor could be available for Medicaid recipients, violated the Medicaid Act. Ms. Linton's nursing home apportioned only 40 of its 87 intermediate care facility beds as Medicaid beds. When Medicaid officials reduced Ms. Linton's care eligibility from skilled to intermediate, Ms. Linton's nursing home informed her that it was decertifying her Medicaid bed and would not likely have available any Medicaid beds. The District Court found that Tennessee's "limited bed policy" violated the Medicaid Act, and the state was instructed to submit a remedial plan, which, among other provisions, required Medicaid providers to certify all available, licensed nursing home beds within their facilities and to admit residents on a first-come, first-serve basis."*

*The compliance requirements are described in further detail on page 3 of the TDH summary report. Agency members may want to ask the applicant to further explain the rationale for the absence of any Medicaid Level 1 utilization in the Projected Data Chart and how it will handle potential admissions (or spend down situations) for these patients.*

The table below shows the projected utilization of the project.

60 Bed Facility-Projected Utilization

Year	Licensed Beds	Medicare-certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF Other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy
1	60	60	17.3	5.3	22.4	0	45	75%
2	60	60	18.4	5.6	24.0	0	48	80%

- The above table reflects that the occupancy of the facility will increase following project completion as the additional 30 beds go into service.
- The projections are based, in large part, on demand for skilled nursing home services by residents of the CCRC.
- Projected utilization is for skilled nursing and rehabilitation services across all payor sources.

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- As noted in the TDH summary and discussed above, the absence of projected utilization for Level 1, non-skilled Medicaid/TennCare recipients appears to be an oversight by the applicant. Its omission should be questioned as it pertains to compliance with the Linton Order.

### **Project Cost**

The major costs associated with the addition of the 30 nursing home beds are:

- Construction - \$4,092,145 or 62.8% of total cost.
- Preparation of Site, architectural/engineering fees - \$758,962 or 11.6% of total cost.
- Construction cost of \$149.86 per square foot is below the new construction 1st quartile cost of \$152.80 per square foot for statewide nursing home construction projects from 2011 to 2013.
- Financing costs, including 1 year reserve for debt service, is \$439,750 or 6.7% of total cost.
- For other details on the total estimated cost of this project, please see the revised Square Footage Chart and the Project Cost Chart on pages R-18 and 36, respectively, of the application.

A replacement letter dated July 24, 2014 was provided in the 7/24/14 supplemental response by a representative of the architectural and engineering firm for the project (SFCS, Inc.). The letter indicates that the expansion to the nursing home will be constructed at a reasonable cost. The representative states that the project will comply with all applicable building and life safety codes and the requirements of the latest editions of the Guidelines for the Design and Construction of Health Care Facilities.

### **Historical Data Chart**

The application is for 30 additional licensed nursing home beds from the 125 Bed Pool. The Historical Data Chart reflects the following:

- The nursing home's occupancy increased from 81% to 94% in its first two years of operation.
- Gross operating revenue increased by approximately 27.4% from CY2012 to CY2013
- It appears that the financial margin of the new nursing home significantly improved during ramp-up following its opening in September 22, 2011. Net operating income after indirect expenses for depreciation, interest and capital expenditures decreased by approximately 60% from -\$754,302 in CY 2012 to -\$296,881 in CY2013.

### **Projected Data Chart**

The applicant projects \$9,659,378.00 in total gross revenue on an average daily census of 45 patients per day in Year 1 increasing by 6.6% to \$10,297,730 on 48 patients per day in

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Year 2 (approximately \$587.77 per day). The revised Projected Data Charts reflect the following:

- Net operating income is favorable before depreciation - \$99,832 in Year One increasing by over 250% to \$346,275 in Year Two.
- Net operating income before capital expenditures is expected to reach \$271,549 or approximately 2.6% of total gross operating revenue in Year Two.
- The applicant did not project deductions from revenue for charity care. When asked to explain, the applicant stated that accounting practices of the owner preclude this type of projection in facility proformas. However, the applicant stated that it will not turn patients away due to their inability to pay (*please see Item 13, 7/24/14 supplemental response*).
- Approximately \$232,000 per year is budgeted for management and technology support fees of the owner.

### **Charges**

In Year 1 of the proposed project (2016), the average gross daily patient charge is as follows:

- Total 60 bed facility - \$587.77 average gross charge.
- Average deduction from charges - \$255.71/day.
- Average net charge - \$332.39 per patient per day.
- Estimated payment for services rendered after deductions for contractual adjustments, charity and bad debt amounts to approximately 57% of gross charges.
- The proposed charge schedule appears to be consistent with the applicant's current schedule identified on page R-39 of the 7/31/14 supplemental response.
- When factored for the projected payor mix and annual increases of 2% or less, it appears that current charges of the facility will not increase significantly as a result of the 30 additional proposed beds.

### **Medicare/TennCare Payor Mix**

The applicant states that the projected Medicare payor mix is the same as the private pay mix or 38%. However, projected Medicaid revenue appears to be lower than initially estimated in the application based upon the response provided by the applicant in the 7/24/14 supplemental response. As a result, please note the following:

- Total projected gross revenue is \$9,989,378 in Year 1 (*revised Projected Data Chart, 7/31/14 supplemental response*)
- Medicare revenue is approximately \$3,796,964 or approximately 38% of total gross revenue.
- Medicaid revenue is approximately \$358,860 or approximately 3.6% of total gross revenue (*Item 12, July 24, 2014 supplemental response*).

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- As noted, the applicant also expects Medicaid revenue to increase as patients spend down from private pay to Medicaid (*Item 18, July 25, 2014 supplemental response*).

### **Financing**

A July 25, 2014 letter from Rae Nylander, Executive Vice President and CFO of the parent company, confirms the availability of funding support from multiple sources, including a short term revolving line of credit, excess cash reserves and tax-exempt bonds. Additional clarification was provided in the 7/31/14 supplemental response from both the bond issuer (Colorado Health Facilities Authority) and the bank holding the line of credit (US Bank).

Review of the owner's Consolidated Balance Sheets for the period ending December 31, 2013 indicates \$23,529,000 in cash and cash equivalents, total current assets of \$600,918,000, total current liabilities of \$266,030,000 and a current ratio of 2.26 to 1.0

*Note to Agency Members: current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.*

### **Staffing**

Per clarification in the 7/24/14 supplemental response, the applicant's direct care staffing will increase from approximately 21 full time equivalents (FTE) for the current 30 bed facility to 44 FTE for the 60 bed facility. A breakout of the nursing staffing in Year 1 includes the following:

- 8.75 FTE Registered Nurses
- 8.70 FTE LPN's
- 21.50 FTE Certified Nursing Assistants
- 1.0 FTE Director of Nursing and
- 2.0 FTE MDS Coordinators
- 0.5 FTE Staff Scheduler
- 1.8 Restorative Nursing Aides
- 0.75 FTE Driver

### **Licensure/Accreditation**

Fairfield Glade is licensed by the State of Tennessee and certified by Medicare. Clarification of the status of correction of deficiencies from the applicant's May 30, 2013, licensure survey by TDH was provided in the 7/24/14 supplemental response. A detailed description of the applicant's current standing with recent licensure surveys is provided on page 4 of the TDH summary.

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*Corporate documentation and site control documents are on file at the Agency office and will be available at the Agency meeting.*

Should the Agency vote to approve this project, the CON would expire in **two** years.

#### **CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT**

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

#### **CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no Letters of Intent, denied or pending applications for other health care organizations in the service area proposing this type of service.

#### **Outstanding Certificates of Need**

**Wharton Nursing Home, CN1403-006A**, has an outstanding CON that will expire on August 1, 2016. The project was approved at the June 25, 2014 Agency meeting for the relocation of 31 of 62 existing, dually certified nursing home beds from an existing building at 878-880 W. Main Street, Pleasant Hill, Tennessee on the campus of Uplands Village, to an adjacent building at 55 West Lake Road. The 62 licensed nursing home beds will be operated in the two buildings under Wharton Nursing Home's current license, # 0000000028. The proposed project will also include renovations for physical/occupational therapy and wellness gyms, a kitchen and dining facility, and space for central supply, maintenance, and administrative offices. The project is not subject to the 125-bed Nursing Home Bed Pool for the 2013-2014 state fiscal year period. The estimated project cost is **\$5,100,000.00**. *Project Status Update: the project was recently approved.*

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

*PJG; 10/6/2014*



NURSING HOME BED POOL STATS

July 1, 2014 - June 30, 2015

*125 BED POOL*

NH BEDS APPROVED

0 NURSING HOME BEDS

NH BEDS PENDING

30 NURSING HOME BEDS

SWING BEDS APPROVED

0 SWING BEDS

SWING BEDS PENDING

0 SWING BEDS

TOTAL BEDS DENIED/WITHDRAWN

0 BEDS

SUBTOTAL-- BEDS REQUESTED

30 BEDS

TOTAL BEDS AVAILABLE FROM POOL

125 BEDS

(TOTAL PENDING BEDS)

(30 BEDS)

<u>COUNTY</u>	<u>PROJECT NUMBER</u>	<u>FACILITY</u>	<u>PROJECT DISPOSITI ON</u>	<u>MEETING DATE</u>	<u>DESCRIPTION</u>
Cumberland	CN1407-031	Good Samaritan Society-- Fairfield Glade	<b>PENDING</b>	10/22/2014	The addition of 30 dually certified beds to its existing 30 bed nursing home for a total of 60 beds. The estimated project cost is \$6,520,495.00.

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## LETTER OF INTENT





State of Tennessee 16  
Health Services and Development Agency

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

JUL 9 '14 AM 8:10

## LETTER OF INTENT

The Publication of Intent is to be published in The Crossville Chronicle, which is a newspaper of general circulation in Cumberland County, Tennessee, on or before July 9, 2014, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Good Samaritan Society – Fairfield Glade, an existing licensed nursing home, owned and managed by The Evangelical Lutheran Good Samaritan Society, a non-profit corporation, intends to file an application for a Certificate of Need for the addition of thirty (30) Medicare skilled nursing beds to its existing thirty (30) bed facility. The location of Good Samaritan Society – Fairfield Glade is 100 Samaritan Way, Crossville, Tennessee 38558 (Cumberland County), and the estimated project cost is \$6,520,495.50.

The anticipated filing date of the application is on or before July 14, 2014. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is [mbrent@babbc.com](mailto:mbrent@babbc.com).

(Signature)

7/9/14

(Date)

[mbrent@babbc.com](mailto:mbrent@babbc.com)

(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



# **ORIGINAL APPLICATION**



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**GOOD SAMARITAN SOCIETY – FAIRFIELD GLADE**  
**CERTIFICATE OF NEED APPLICATION**  
**REQUEST FOR ADDITION OF THIRTY (30) NURSING HOME BEDS**  
**JULY 2014**





Michael D. Brent  
Direct: 615.252.2361  
Fax: 615.252.6361  
mbrent@babbc.com

July 14, 2014

**VIA HAND DELIVERY**

Ms. Melanie Hill, Executive Director  
Tennessee Health Services & Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

**Re: Certificate of Need Application for Good Samaritan Society – Fairfield Glade**

Dear Ms. Hill:

Please find enclosed Good Samaritan Society – Fairfield Glade's application for a certificate of need for the addition of thirty (30) Medicare-certified skilled nursing beds to their existing thirty-bed nursing home. Accompanying this letter are an original and two copies of the application, along with a check for filing fees in the amount of \$14,671.11.

I will serve as the contact person for the project communications. If you or HSDA staff have questions about our application, or if you need additional information that would be helpful, please let me know and we will obtain that information for you.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

A handwritten signature in dark ink, appearing to read 'M. Brent', written over a horizontal line.

Michael D. Brent

Enclosures

cc: Greg Amble, Evangelical Lutheran Good Samaritan Society



<b>1.</b>	<b><u>Name of Facility, Agency, or Institution</u></b>			
Good Samaritan Society – Fairfield Glade				
Name				
100 Samaritan Way			Cumberland	
Street or Route			County	
Crossville		TN	38558	
City		State	Zip Code	
<b>2.</b>	<b><u>Contact Person Available for Responses to Questions</u></b>			
Michael D. Brent		Attorney		
Name		Title		
Bradley Arant Boult Cummings LLP		mbrent@babbc.com		
Company Name		Email Address		
1600 Division Street, Suite 700		Nashville	TN	37203
Street or Route		City	State	Zip Code
Attorney		615-252-2361	615-252-6361	
Association with Owner		Phone Number	Fax Number	
<b>3.</b>	<b><u>Owner of the Facility, Agency or Institution</u></b>			
The Evangelical Lutheran Good Samaritan Society		(605) 362-3100		
Name		Phone Number		
4800 West 57 <sup>th</sup> Street		Minnehaha		
Street or Route		County		
Sioux Falls		SD	57108	
City		State	Zip Code	
<b>4.</b>	<b><u>Type of Ownership of Control (Check One)</u></b>			
A. Sole Proprietorship		F. Government (State of TN or		
B. Partnership		Political Subdivision)		
C. Limited Partnership		G. Joint Venture		
D. Corporate (For Profit)		H. Limited Liability Company		
E. Corporation (Not-for-Profit) <input checked="" type="checkbox"/>		I. (Other) Specify _____		

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER OF ALL ATTACHMENTS.**



**5. Name of Management/Operating Entity (If Applicable)**

N/A

Name

Street or Route

County

City

State

Zip Code

**PUT ALL ATTACHMENT AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

**6. Legal Interest in the Site of the Institution (Check One)**

A. Ownership

X

D. Option to Lease

B. Option to Purchase

\_\_\_\_\_

E. Other (Specify)

C. Lease of \_\_\_\_\_ Years

\_\_\_\_\_

**PUT ALL ATTACHMENT AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

**7. Type of Institution (Check as appropriate—more than one response may apply)**

A. Hospital (Specify)

B. Ambulatory Surgical Treatment  
Center (ASTC), Multi-Specialty

C. ASTC, Single Specialty

D. Home Health Agency

E. Hospice

F. Mental Health Hospital

G. Mental Health Residential  
Treatment FacilityH. Mental Retardation Institutional  
Habilitation Facility (ICF/MR)

I. Nursing Home

J. Outpatient Diagnostic Center

K. Recuperation Center

L. Rehabilitation Facility

M. Residential Hospice

N. Non-Residential Methadone  
Facility

O. Birthing Center

P. Other Outpatient Facility  
(Specify)

Q. Other (Specify)

**8. Purpose of Review (Check as appropriate—more than one response may apply)**

A. New Institution

B. Replacement/Existing Facility

C. Modification/Existing Facility

D. Initiation of Health Care  
Service as defined in TCA §  
68-11-1607(4)  
(Specify)

E. Discontinue of OB Services

F. Acquisition of Equipment

G. Change in Bed Complement

[Please note the type of change  
by underlining the appropriate  
response: Increase, Decrease,  
Designation, Distribution,  
Conversion, Relocation]

H. Change of Location

I. Other (Specify)



**9. Bed Complement Data***Please indicate current and proposed distribution and certification of facility beds.*

	Current Beds Licensed *CON		Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2	30	_____	_____	30	60
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency (Detox)	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
<b>TOTAL</b>					
*CON-Beds approved but not yet in service					

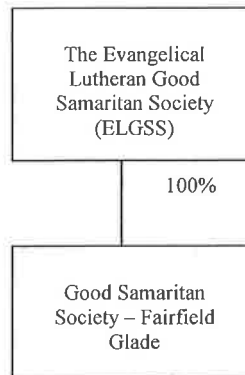
<b>10. Medicare Provider Number</b>	445506
<b>Certification Type</b>	Skilled Nursing Facility
<b>11. Medicaid Provider Number</b>	445506, 7440813
<b>Certification Type</b>	Nursing Facility
<b>12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?</b>	N/A
<b>13. Identify all TennCare Managed Care Organizations/Behavioral Health Organization (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? <u>Yes</u>. If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.</b>	



Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

**Response to Section A, Item 3:** Please See Attachment A.3.

**Response to Section A, Item 4:** The Evangelical Lutheran Good Samaritan Society ("ELGSS") is a South Dakota non-profit corporation whose mission is to share God's love in word and deed by providing shelter and supportive services to older persons and others in need, believing that "In Christ's Love, Everyone is Someone." ELGSS is the sole owner and manager of Good Samaritan Society – Fairfield Glade (the "Applicant"). The ownership structure is as follows:



ELGSS is a non-profit corporation and there are no individuals who have any ownership interest in the corporation. The only Tennessee healthcare facility in which ELGSS has ownership is Good Samaritan Society – Fairfield Glade.

**Response to Section A, Item 5:** ELGSS operates senior housing communities and health care facilities in more than 240 locations around the country, including the following states: WA, OR, ID, MT, ND, SD, NE, CO, KS, AZ, NM, TX, MN, IA, AR, WI, IN, KY, OH, WV, FL, and TN. In the ELGSS communities, services offered range from senior living and assisted living to skilled nursing with rehabilitation and long-term care to home care. ELGSS has been fulfilling its mission of care giving since approximately 1922. Many of ELGSS's communities provide a continuum of care concept and offer a full range of services from senior living to skilled nursing care so that individual community members can age in a place that they consider home, with and within their existing communities, friends and churches.

ELGSS is the sole owner and manager of Good Samaritan Society – Fairfield Glade.

**Response to Section A, Item 6:** Please see Attachment A.6.

**Response to Section A, Item 13:** The Applicant currently has contracts with the following Managed Care Organizations:

- AmeriChoice



- AmeriGroup Community Care
- Blue Cross/Blue Shield of Tennessee
- Humana
- TennCare Select
- United Healthcare

In addition, the Applicant is currently certified to provide Medicare and Medicaid (i.e., TennCare) services.



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**NOTE:** **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

## **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

### **RESPONSE:**

#### **Introduction and Background**

ELGSS is a North Dakota non-profit corporation with a mission of providing supportive services to older persons and others in need, operating in that mission since approximately 1922. ELGSS operates senior housing communities and health care facilities in over 20 states, including the Applicant, Good Samaritan Society – Fairfield Glade, in Tennessee. The Applicant's service area is Cumberland County, Tennessee. ELGSS will continue to own and be the sole manager of the Applicant.

The Applicant is a Continuing Care Retirement Community ("CCRC") and its campus setting provides care ranging from independent living to assisted care living to skilled nursing. As part of the Applicant's CCRC, the skilled nursing home houses 30 dually-certified beds. This application seeks to add an additional 30 dual Medicare/Medicaid-certified beds to the Applicant's existing 30-bed facility for a total 60-bed facility if approved.

The project involves new construction to add a small northern wing and a larger southern wing to the existing skilled nursing facility wing of the CCRC. The smaller northern wing will connect two previously unconnected portions of the skilled nursing wing on the first floor level only and will house 10 of the 30 proposed private beds, as well as patient lounge and living areas and a nursing station. The larger southern wing will add a rehabilitation area on the ground level of the existing skilled nursing wing. The first floor buildout of the southern



wing will house the remaining 20 of the 30 proposed private beds, along with a consultation room, lounge, patient living area, kitchen, dining room, family quiet area, and library. The finished new construction will consist of 27,306 square feet. The cost per square foot for total space is approximately \$209.34 based on total project cost, or \$149.86 based on new construction costs only.

#### Need for Additional 30 Medicare-Certified Beds

A skilled nursing facility is crucial to the success of the CCRC model. This comprehensive continuum of services will allow individuals to “age in place” within the community that they have made the choice to call home. The comprehensive development concept avoids dislocation of that individual from their friends, spouse, or church community when their health needs require additional services, or care in a residential health care facility. With the addition of 30 beds to the existing skilled nursing facility, the Applicant can ensure sufficient capacity to avoid such dislocation of individuals from the community.

The Guidelines for Growth show that Cumberland County is under-bedded for nursing home beds and indicate a net current need for 297 additional beds in Cumberland County. Moreover, the Applicant has turned away 146 prospective patients since August 2013 as a result of bed unavailability. There are no healthcare facilities or senior housing communities with supportive services in Fairfield Glade. All of the available medical and long-term care services are located elsewhere in Cumberland County, mainly Crossville, which is 10-15 miles away. While Uplands Village also serves Cumberland County residents at its CCRC, it is located approximately 24 miles from the Applicant.

#### Project Cost, Funding and Feasibility

The total estimated project cost is \$6,520,495.50, with construction costs totaling \$4,092,145, or 62.8% of total cost. The construction cost is \$149.86 per square foot. As discussed below, the new construction cost compares favorably with statewide nursing home construction projects from 2010 to 2012. ELGSS will finance the project from cash reserves as shown by a letter from ELGSS's Chief Financial Officer that is included with this application.

This project is economically feasible and will produce positive operating revenue by Year 2 of the project.

#### Staffing

The Applicant will add both clinical and administrative staff if the project is approved, not only to the expanded skilled nursing home, but also for the other components of the CCRC, including staff for an expanded assisted living unit. The Applicant does not anticipate any difficulties in staffing the expanded skilled nursing home and will pay wages to additional staff that are in-line with state medians for clinical staff.



II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

**RESPONSE:** The project involves new construction to add a small northern wing and a larger southern wing to the existing skilled nursing facility wing of the CCRC. The smaller northern wing will connect two previously unconnected portions of the skilled nursing wing on the first floor level only and will house 10 of the 30 proposed private beds, as well as patient lounge and living areas and a nursing station. The larger southern wing will add a rehabilitation area on the ground level of the existing skilled nursing wing. The first floor buildout of the southern wing will house the remaining 20 of the 30 proposed private beds, along with a consultation room, lounge, patient living area, kitchen, dining room, family quiet area, and library. The finished new construction will consist of 27,306 square feet. The cost per square foot for total space is approximately \$209.34 based on total project cost, or \$149.86 based on new construction costs only.

The skilled nursing wing is part of the overall senior housing and active adult community, and serves a key role in allowing the Applicant to offer a complete array of supportive and long-term care services to individuals in the community. This comprehensive continuum of services will allow individuals to "age in place" within the community that they have made the choice to call home. The comprehensive development concept avoids



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dislocation of that individual from their friends, spouse, or church community when their health needs require additional services, or care in a residential health care facility. With the addition of 30 beds to the existing skilled nursing facility, the Applicant can ensure sufficient capacity to avoid such dislocation of individuals from the community.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

**RESPONSE:** The Applicant intends to add thirty (30) Medicare skilled nursing beds as a result of the proposed project. The additional nursing home beds are required to ensure the Applicant's ability to continue to meet the needs of Fairfield Glade residents with a sufficient bed supply as the population continues to grow and age. If the project is approved, the additional 30 beds will be dual Medicare/Medicaid-certified beds.







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C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

**RESPONSE:** The Applicant will continue to provide skilled nursing home care in its expanded facility, assuming the CON is granted, primarily to serve the residents of the Fairfield Glade Community in Cumberland County, Tennessee. The beds, which will be dually certified for participation in the Medicare and TennCare programs, will allow the facility to address an existing demand for increased access to services in Cumberland County. As a CCRC, the Applicant's ability to ensure access to skilled nursing home care to those residents requiring it is vital. The Guidelines for Growth show that Cumberland County has insufficient bed availability. The current nursing bed need in Cumberland County is 668. Only 371 nursing beds are currently licensed, which results in a net bed need of 297. The Applicant's application for 30 additional beds is supported by both the current and projected need for additional nursing beds in the service area. Moreover, the Applicant consistently experiences patient deflections as a result of the increasing need for beds. Below is a chart that reflects the Applicant's records of patient deflection activity since August 2013:



**Deflection Activity (August 2013 to June 2014)**

Month	Year	Total	Total	Denials Due to Bed Unavailability
		Referrals	Denials	
August	2013	34	2	2
Sept	2013	27	18	9
Oct	2013	44	30	23
Nov	2013	32	25	23
Dec	2013	10	0	0
Jan	2014	35	24	13
Feb	2014	31	23	16
March	2014	43	27	11
April	2014	34	22	21
May	2014	33	23	15
June	2014	34	28	13
<b>TOTALS:</b>		<b>357</b>	<b>222</b>	<b>146</b>

- D. Describe the need to change location or replace an existing facility.

**RESPONSE:** Not applicable.

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):
  - a. Describe the new equipment, including:
    1. Total cost; (As defined by Agency Rule).
    2. Expected useful life;
    3. List of clinical applications to be provided; and
    4. Documentation of FDA approval.
  - b. Provide current and proposed schedules of operations.
2. For mobile major medical equipment:
  - a. List all sites that will be served;



- b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost.
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.
3. Indicate applicant's legal interest in equipment (*i.e.*, purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

**RESPONSE:** Not applicable. The project does not involve the acquisition of any major medical equipment as defined by HSDA rules.

III. A. Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include:**

- 1. Size of site (*in acres*);
- 2. Location of structure on the site;
- 3. Location of the proposed construction; and
- 4. Names of streets, roads or highway that cross or border the site.

***Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.***

**RESPONSE:** Please see Attachment B.III.(A).

B. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

**RESPONSE:** The existing facility is located an approximate one hour drive from Knoxville and an approximate two hour drive from Nashville. The facility is conveniently located with access to major roads. The site is located approximately six miles from Interstate 40 and is easily accessible by traveling northeast on state highway 101 and then traveling north on Catoosa Boulevard.

The facility's location is very accessible to its service population. The facility is approximately 11 miles from Cumberland Medical Center, which is licensed for 189 acute care beds. The facility also accommodates patients from Fairfield Glades and Cumberland County who receive acute care services at tertiary hospitals, including Cumberland Medical Center, and wish to be close to home for rehabilitation. The facility's location makes this type of care very convenient for these individuals. The ability



to have nursing services closer to home has many benefits, including the psychological benefit of being near family and friends, which often results in better therapeutic results.

There are no healthcare facilities or senior housing communities with supportive services in Fairfield Glade. All of the available medical and long term care services are located elsewhere in Cumberland County, mainly in Crossville, which is 10 to 15 miles away. There are also no other dedicated continuum of care senior communities within Fairfield Glade. The only other CCRC located in Cumberland County, Uplands Village, is located approximately 24 miles or 37 minutes' drive from the Applicant in Pleasant Hill, Tennessee.

There are two main sources of residents of Good Samaritan Fairfield Glade. The first group is individuals living within Fairfield Glade who age in place and whose health needs progress to the point of needing skilled nursing facility care. The second group includes older parents or other family members of the Fairfield Glade residents who want to be closer to their ailing and/or aging parents to provide more assistance to them, and who want to bring them to the Fairfield Glade community for that purpose.

With regard to employees, Cumberland County is largely a rural county and no fixed schedule public transportation system operates within the county. According to the U.S. Census Bureau, ninety-six percent (96%) of the workers in the county drive to work so that employees, as well as patients and their families, would be able to reach the facility. (Source: [http://www.city-data.com/county/Cumberland\\_County-TN.html](http://www.city-data.com/county/Cumberland_County-TN.html)).

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

**RESPONSE:** Please see Attachment B.IV.

- V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.



**RESPONSE:** Not applicable.



**SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."



## QUESTIONS

### NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

**1. Guidelines for Growth Criteria - Need 1:** According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

County bed need =  $.0005 \times \text{pop. 65 and under, plus}$   
 $.0120 \times \text{pop. 65 - 74, plus}$   
 $.0600 \times \text{pop. 75-84, plus}$   
 $.1500 \times \text{pop. 85, plus}$

**RESPONSE:** According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula, Cumberland County currently has and will continue to have a significant bed need. In 2014, the bed need is 668. In 2015 and 2016, the bed need is projected to be 685 and 700 respectively. Please see the attached table at Exhibit Section C – Need – 1. A at the end of the application. This need is projected to grow significantly in Cumberland County (by approximately 16 beds per year) as that population ages.

The Division of Health Planning has proposed new criteria and standards for nursing home services, and, though they have not yet been approved, the bed need resulting from the proposed calculation does not differ significantly from the current calculation.

\*County bed need =  $.001 \times \text{pop. 65 and under, plus}$   
 $.015 \times \text{pop. 65 - 74, plus}$   
 $.045 \times \text{pop. 75-84, plus}$   
 $.165 \times \text{pop. 85, plus}$

*\*Proposed county bed need formula*

Using the Tennessee Population Projections, the proposed bed need formula indicates a bed need of 661 in 2014, while the years 2015 and 2016 have projected bed needs of 678 and 691, respectively. Additional nursing beds are required to ensure that Cumberland County and Fairfield Glade senior citizens



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have continued access to skilled nursing facilities that are provided in an efficient manner.

**2. Guidelines for Growth Criteria - Need 2:** *The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.*

**RESPONSE:**

According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the codified bed need formula, Cumberland County currently has and will continue to have a significant overall bed need. There are currently 371 licensed nursing home beds in Cumberland County. In 2015 and 2016, the bed need is projected to be 685 and 700 respectively, which results in a net bed need of 314 nursing home beds for 2015 and 329 nursing home beds for 2016 if the number of licensed nursing home beds remains the same.

**RESPONSE:**

According to the Tennessee Department of Health's health facility licensure search, there are currently 4 licensed nursing homes with 371 beds in Cumberland County. The current bed need formula indicates a net need for 314 beds in 2015 and 329 beds in 2016 while the proposed bed need formula indicates a 290 net nursing home bed need in 2016.

**4. Guidelines for Growth Criteria - Need 4:** *"Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.*

**RESPONSE:** The facility serves a distinct population which is primarily the current and future residents of the continuing care community and the surrounding Fairfield Glade retirement community in Cumberland County. The continuing care community and the Fairfield Glade retirement community immediately surround the nursing facility so it is well within 30 minutes travel time for the majority of the population of its service area and thus will be a source of quality health care to the community's senior population.

**5. Guidelines for Growth Criteria - Need 5:** *The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:*

*a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and*



**5. Guidelines for Growth Criteria - Need 5:** *The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:*

*a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and*

*b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.*

**RESPONSE:** Criteria 5a and 5b are not applicable. The application does not propose new nursing home beds "in excess of the need standard" for Cumberland county. It proposes instead to add needed beds.

**6. Guidelines for Growth Criteria – Occupancy & Size 1:** *A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.*

**RESPONSE:** 2013 was the second full calendar year in which the facility was in operation and the 2013 occupancy rate is 94.3%, which exceeds the 90% occupancy rate requirements. The occupancy rates for 2013 and through May 2014 are 94.3% and 95.0%, respectively. Since commencing operations in the summer of 2011, the Applicant has steadily increased its occupancy rate. The most significant occupancy rate increase is the 77% increase from the first year's occupancy rate of 4% to the second year's occupancy rate of 81.6%.

**7. Guidelines for Growth Criteria – Occupancy & Size 2:** *There shall be no additional nursing home beds approved for service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service area's average occupancy rate.*

**RESPONSE:**

Three facilities in the service area of Cumberland County have more than fifty (50) beds and their average annual occupancy rates are listed below according to the 2010 – 2012 Joint Annual Reports of Nursing Homes. While all facilities in the service area do not have average annual occupancy rates of 95%, most of the facilities in the service area, including Good Samaritan Fairfield Glade, show a significant upward trend in their occupancy rates. This indication of increasing demand and the projected bed need of 700 beds in 2016 support approval of this project so that need does not outpace the facilities' capacity and the quality of the health care provided can be maintained.



Nursing Facility	No. of Beds	Average Annual Occupancy Rate (2010–2012)
Wharton Nursing Home	62	96.68%
Wyndridge Health and Rehabilitation Center	157	87.33%
Country Place Health Care Center	122	69.36%

**8. Guidelines for Growth Criteria – Occupancy & Size 3:** *A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.*

**RESPONSE:**

The Applicant's average annual occupancy rate for 2013 was 94.3% and is in substantial compliance with this criterion. In addition, from January through May of 2014, the Applicant has maintained an average occupancy rate of 95.0% as required by the current nursing home standards.

**9. Guidelines for Growth Criteria – Occupancy & Size 4:** *A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.*

**RESPONSE:** Not applicable. The applicant currently operates a 30-bed facility and is proposing to increase its capacity by an additional 30 beds.

The proposed project will further the 5 Principles for Achieving Better Health as set forth in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of Tennesseans.

**RESPONSE:** While this principle focuses mainly on the goals and strategies that support health policies and programs at the individual, community and state levels that will help improve the health status of Tennesseans, this project is consistent in that it supports a continuum of care model where patients will be able to receive intensive skilled nursing care and rehabilitative services within the community in which they live. The Applicant's campus design provides the most



effective care in a person-centered environment, that is also the least-restrictive and least-costly option available, where the individual can live the healthiest life possible.

The project will further the Applicant's ability to provide state of the art long term care services. In addition, the Applicant reports extensive quality measures as part of its involvement in the Medicare program. The Applicant has an ongoing quality improvement program to monitor and improve patient outcomes. These outcomes are regularly reported as part of public reporting requirements for all nursing homes.

2. Every citizen should have reasonable access to health care.

**RESPONSE:** The Applicant's healthcare model targets patients that are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services and provides a continuum of care for residents of the CCRC. The majority of all patients placed in nursing homes from the acute care setting are Medicare beneficiaries. Since Medicare is a federal insurance program covering individuals age 65 and older, as well as disabled individuals below this threshold age, access to long term care Medicare beds is a function of bed availability in the market. As stated previously, the Applicant continuously experiences patient deflections due to the unavailability of beds. The project will provide greater access to health care for Medicare beneficiaries and reduce the Applicant's deflection activity.

3. The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.

**RESPONSE:** The Applicant's project speaks to the very heart of this principle at several levels. By assuring that the appropriate level of care and health care beds are available, when needed, the state's health care system will be able to keep cost to their lowest level possible by making sure patients are able to utilize services at the lowest level of care possible (skilled nursing versus an acute care setting).

The Applicant provides transparent cost information to all prospective and current residents and promotes a competitive environment for the purchase of long term care services. As a CCRC, it provides the community with choices of different models to meet its members' long term care needs.

4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

**RESPONSE:** The Applicant's facility is a long term care provider that is surveyed both at the State and Federal levels. Through various sources, including the



Medicare.gov website and the Nursing Home Compare data sets, consumers can now compare and research long term care providers, home care providers and acute care providers. The Applicant compares favorably both at the state and national level on these measurements. The Applicant is dedicated to providing quality care to residents of its service area.

5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.

**RESPONSE:** Ultimately, the construction of the expanded skilled nursing facility will allow the existing CCRC campus to expand and develop its assisted living and other components. That new expansion will result in a net increase in health care employment opportunities in the community. Moreover, the Facility will pay wages and offer benefits that are in-line with the prevailing rates of other employment opportunities in the community.

- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

**RESPONSE:** Not applicable.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

**RESPONSE:** The Applicant, even as early as its original construction, anticipated the need and desire to expand and increase the size of its community following stabilized occupancy after the initial facility was complete. The Applicant opened its facility in the Fall of 2011 and due to the tremendous response from the community in need of its services and would like to move forward with an expansion of the facility to include 30 new beds. The Applicant would like to add 54 apartments and 26 assisted living units to the existing 42 apartments and 24 assisted living units that are already in existence on the campus. The addition of 30 Medicare skilled nursing beds is vital to the Applicant's planned expansion of the other components of the CCRC.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

**RESPONSE:** Please see Attachment C. Need 3.

4. A. Describe the demographics of the population to be served by this proposal.



**RESPONSE:** Cumberland County. The population in the proposed service area, Cumberland County, and surrounding Putnam County is growing exponentially and is projected to continue to grow over the next five to seven years:

County	2009 Population	2014 Population	2020 Population
Cumberland	54,164	57,815	61,933
Putnam	70,390	77,024	85,380
<b>Total</b>	<b>124,554</b>	<b>134,839</b>	<b>147,313</b>

*Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health*

Moreover, the population of Cumberland County and its surrounding counties is experiencing a large increase in its population that is age 65 and older, which indicates further need for the services that the Applicant provides. The following chart illustrates the demographics of the proposed service area and surrounding counties with respect to the aging population therein:

#### **Demographics of the Service Area and Surrounding Counties**

County	65+					Total Population		
	2008	2014	%65+ 2014	2018	%65+ 2018	2008	2014	2018
Cumberland	12,882	11,154	19.29%	15,630	25.92%	53,529	57,815	60,292
Fentress	2,773	3,566	19.38%	3,870	19.36%	17,698	18,404	19,987
Morgan	2,787	3,436	15.73%	3,796	17.25%	20,382	21,848	22,004
Roane	9,193	11,701	21.67%	12,508	22.97%	53,738	54,006	54,457
Rhea	4,560	5,982	17.91%	6,725	19.33%	30,804	33,392	34,790
Bledsoe	2,554	2,221	17.57%	2,525	20.04%	13,212	12,641	12,599
Van Buren	804	1,118	20.51%	1,259	22.99%	5,469	5,450	5,474
White	4,012	5,051	18.80%	5,375	19.21%	24,815	26,871	27,974
Putnam	10,038	11,691	15.18%	12,358	14.96%	69,660	77,024	82,623
Overton	3,475	4,279	19.03%	4,554	19.83%	20,955	22,489	22,967
<b>Total</b>	<b>53,078</b>	<b>60,199</b>	<b>18.51%</b>	<b>68,600</b>	<b>20.19%</b>	<b>310,262</b>	<b>329,940</b>	<b>343,167</b>

*Source: Office of Health Statistics, Bureau of Health Informatics, Tennessee Department of Health*

The county has a very low minority population, with only approximately 2.5% of the population being of African American, Asian, Native American, or Hispanic/Latino ethnicity.



From 2008 to 2012, an estimated 16.4% of the population of Cumberland County lived below the poverty level, and the median household income for the same period of time was \$37,963, with an average of 2.37 persons per household.

*Fairfield Glade Community.* Fairfield Glade, Tennessee is an unincorporated community on the Cumberland Plateau just off I-40 near the city of Crossville, Tennessee, about half way between Nashville and Knoxville. The community is a planned retirement/golf resort much like another community, Hot Springs Village, Arkansas, where ELGSS has also developed a senior living and active adult community. The main influx of senior residents to Fairfield Glade is from the upper Midwest states of Michigan, Indiana and Ohio.

The community is made up of mostly seniors, age 65 plus and younger empty nesters 55-65. The median age of this area is 68.2 years and the median household is made up of 1.9 people. The residents are well educated, with many older professionals relocating to this area. The household median income in this community is estimated to be \$42,800.

Fairfield Glade, itself, is a small, contained community located on the Cumberland Plateau, and a census-designated place (CDP) in Cumberland County. As of the 2010 census, Fairfield Glade's population is estimated to be 6,989, with a growth rate of 42.75% since 2000. The senior population age 65 and older was estimated to be 4,374 or 62.58% of the total population as of the 2010 census. Fairfield Glade experienced a growth rate of 64.62% of individuals age 65 and older from 2000 to 2010. As a dedicated "retirement/active adult community," Fairfield Glade residents have begun to realize that they presently have a need for more health care services that will only continue to increase in the future.

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

**RESPONSE:** The Cumberland County and Fairfield Glade service area continues to have a significant need for quality long-term care and other health care services. Although the Applicant's existing 30-bed facility helps to meet the needs of Cumberland County and Fairfield Glade, with the continuous population growth and the increasing need for nursing home services, the Applicant's existing bed capacity is not sufficient to meet existing and future need. As a dedicated senior community with nearly two-thirds of the population over 65, the proposed project will support the need that has been identified. As noted in the question above relative to the demographics of the county, Cumberland County is a rural and moderately underserved county where many residents do not have access to private health insurance and rely on TennCare for their medical benefits. Though the Applicant's request is for beds that would be Medicare



certified only, ELGSS has a long history of providing services to underserved and needy populations and currently has 30 dually certified beds in the facility. In light of increasing demand, the requested additional 30 Medicare-certified beds would ensure continued access to nursing home beds for Medicaid patients in the Applicant's existing 30 dually-certified beds.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

**RESPONSE:** There are currently 4 other nursing homes in Cumberland County. Below is a chart that includes the occupancy rates for each of the 4 nursing homes located in Cumberland County:

**Average Daily Census for Nearby Nursing Homes**

Facility	2011	2012	2013	2014
<b>Cumberland County</b>				
Country Place Health Care Center	69.9%	73.2%	**	**
Good Samaritan Society-Fairfield Glade	4.0%	81.6%	94.3%	95.0%*
Wharton Nursing Home	98.28%	93.96%	95.1%	**
WyndRidge Health and Rehabilitation Center	87.2%	85.1%	**	**

Sources: 2011 and 2012 Tennessee Joint Annual Reports; Facilities' Internal Records

\*Through May 2014.

\*\*Information not currently available.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

**RESPONSE:** The following chart reflect's the Applicant's average daily census by payor for the past three years:



**Applicant's Average Daily Census by Payor  
(2011-Present)**

<b>Payor</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014*</b>
Private Pay	0.6	10.9	13.5	16.3
Medicare	0.6	12.2	12.8	10.3
Managed Care	0	1.3	1.8	1.8
Medicaid	0	0	0	0
Hospice-Private	0	0	0.1	0.1
<b>Total Patients:</b>	<b>1.2</b>	<b>24.4</b>	<b>28.2</b>	<b>28.5</b>

*Source: Applicant's internal records*

*\*Through May 31, 2014*

The following chart contains the Applicant's projected annual utilization for the three years following completion of the project (2016 through 2018):

**Applicant's Projected Average Daily Census by  
Payor for 60 Bed Facility (2016-2017)**

<b>Payor</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Private Pay	17.3	18.4	19.6
Medicare	17.3	18.4	19.6
Managed Care	5.3	5.6	6
Medicaid	5.3	5.6	6
<b>Total Patients:</b>	<b>45.2</b>	<b>48</b>	<b>51.2</b>

The projected utilization statistics above are based upon the Applicant's experience with and statistical data for the existing 30-bed facility.



## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

**RESPONSE:** Please see Project Costs Chart and Attachment Section C: Economic Feasibility – 1 for documentation from an architect supporting the estimated construction costs.



## PROJECT COSTS CHART

A. Construction and equipment acquired by purchase		
1.	Architectural and Engineering Fees	\$255,500
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$50,000
3.	Acquisition of Site	
4.	Preparation of Site	\$503,462
5.	Construction Costs	\$4,092,145
6.	Contingency Fund	\$438,000
7.	Fixed Equipment (Not included in Construction Contract)	\$257,000
8.	Moveable Equipment (List all equipment over \$56,000)	
9.	Other (Specify) <u>Sewer and Water Access Fees</u>	\$120,000
B. Acquisition by gift, donation, or lease: Not Applicable.		
1.	Facility (inclusive of building and land)	
2.	Building only	
3.	Land only	\$235,000
4.	Equipment (Specify) _____	
5.	Other (Specify) _____	
C. Financing Costs and Fees: Not Applicable.		
1.	Interim Financing	\$54,700
2.	Underwriting Costs	\$73,000
3.	Reserve of One Year's Debt Service	\$312,050
4.	Other (specify) <u>Lease Up and Pre-Opening</u>	\$115,000
D.	Estimated Project Cost (A+B+C+)	\$6,505,857
E.	CON Filing Fee	\$14,638.50
F.	Total Estimated Project Cost (D+E)	\$6,520,495.50
TOTAL		\$6,520,495.50



**July 31, 2014****08:40 am**

## 2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.**)

- ☒    A Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☒    B Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐    C General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐    D Grants--Notification of intent form for grant application or notice of grant award; or
- ☒    E Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐    F Other—Identify and document funding from all other sources.

**RESPONSE:** The source of funding for the proposed project will be a combination of a commercial loan, tax-exempt bonds, and cash reserves. Please see Attachment Section C: Economic Feasibility – 2 for documentation from the commercial lender, bond underwriter, and ELGSS's Chief Financial Officer.

## 3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

**RESPONSE:** The total estimated project cost is \$6,520,495.50. Construction costs are \$4,092,145, or 62.8% of total cost. The construction cost is \$149.86 per square foot. As reflected in the table below, the new construction cost is well below the 1<sup>st</sup> quartile of \$164.57 per square foot for statewide nursing home construction projects from 2010 to 2012.



**Statewide Nursing Home Construction Cost Per Square Foot  
2010-2012**

	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
<b>1<sup>st</sup> Quartile</b>	\$19.30/sq. ft.	\$164.57/sq. ft.	\$73.23/sq. ft.
<b>Median</b>	\$35.76/sq. ft.	\$167.31/sq. ft.	\$166.57/sq. ft.
<b>3<sup>rd</sup> Quartile</b>	\$55.00/sq. ft.	\$181.72/sq. ft.	\$167.61/sq. ft.

Source: HSDA Applicant's Toolbox

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

**RESPONSE:** Please see Attachment C. Economic Feasibility – 4. Historical and Projected Data Charts.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

**RESPONSE:** The project's average gross charge, average deduction from operating revenue, and average net charge are as follows:

	<b>Additional 30 Beds Only</b>		<b>Total 60 Bed Project</b>	
	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>
<b>Average Gross Charge</b>	\$586.15	\$602.28	\$588.09	\$587.77
<b>Average Deduction</b>	\$255.71	\$273.97	\$255.71	\$248.29
<b>Average Net Charge</b>	\$330.44	\$328.31	\$332.38	\$339.48

6. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.



**July 24, 2014****4:27 pm****Applicant's Current and Proposed Charge Schedules**

<b>Payor</b>	<b>Current</b>	<b>2015</b>	<b>Year 1 - 2016</b>	<b>Year 2 - 2017</b>
Private	\$218-	\$222.36-	\$226.81-	\$231.34-
Pay	\$225	\$229.50	\$234.09	\$238.77
Medicaid	\$205	\$209.10	\$213.28	\$217.55
Medicare	\$407	\$415.14	\$423.44	\$431.91

*The proposed rates reflect increases of 2% per year based on current rates.*

The Applicant does not anticipate any changes to current charges as a result of the additional 30 Medicare/Medicaid-certified beds.

- a. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

**RESPONSE:** Below is a chart of the charges of similar facilities in Cumberland County:

**Applicant's Proposed Charges as Compared to Existing Facilities in  
Cumberland County**

<b>Facility</b>	<b>Medicare</b>	<b>Medicaid</b>	<b>Private Room</b>	<b>Semi-Private Room</b>
<b>Cumberland County Facilities</b>				
Applicant	\$407	\$205	\$218-\$225	N/A
Life Care of Crossville	\$443	\$187	\$210	\$189
Wharton Nursing Home	\$405	\$210	\$210	\$195
Wyndridge	\$243	\$243	\$218	\$188

*Sources: 2012 Joint Annual Reports; Applicant's records and correspondence with local facilities*

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

**RESPONSE:** The Applicant is projecting an average daily census of 22.5 patients or 8,213 patient days in Year 1, for an average annual occupancy rate of 75%. The Applicant projects an average daily census of 24 patients or 8,760 patient days in Year 2, for an average annual occupancy rate of 80%. The



projected utilization is sufficient to render the project financially feasible as discussed below.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

**RESPONSE:** This project is economically feasible, and will produce positive operating revenue by Year Two. Although the Projected Data Chart for the entire 60-bed facility reflects a Net Operating Loss for Year One, the loss is only a “paper loss” and does not realistically reflect the economic feasibility of the project because of the amount of depreciation and interest. In addition, the Projected Data Chart for the 30-bed project only lists a Net Operating Income beginning in Year Two.

In addition, ELGSS will provide funding as necessary to cover any operational losses. As noted previously, ELGSS’s financial statements for 2013 and 2012 are included with this application. Considering the available capital and viewed in light of accepted cash flow analysis, this project is economically feasible and will perform well financially.

9. Discuss the project’s participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal’s first year of operation.

**RESPONSE:** The Applicant is seeking the addition of 30 Medicare-certified beds. Although the Applicant is a non-profit corporation with a charitable mission, the CCRC model is not intended to serve the medically indigent. The Applicant anticipates that Year One revenues will consist of approximately 38% Medicare and 38% private pay.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

**RESPONSE:** Please see *Attachment C: Economic Feasibility – 10*.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
  - i. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits



intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

- ii. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

**RESPONSE:** The applicant has carefully considered its request to add 30 beds to its current facility pursuant to this Certificate of Need application, and an alternative does not exist. If the applicant foregoes the expansion and the need for its services continues to increase, the community, providers and consumers will suffer undue hardship. The CCRC model is unique and fills an important niche in the senior care consortium. It affords seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance, and a skilled nursing facility is a crucial component if the continuum of care.



## CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

**RESPONSE:** The Applicant has a transfer agreement in place with Cumberland Medical Center and agreements for health services with the following providers: Middle Tennessee Pharmacy Services, Hospice of Cumberland County, Caris Hospice, Covenant Health, Buckeye Home Medical Equipment, Dr. Elizabeth Petty (Medical Director), Mario Dickens, DPM, and Select Rehabilitation.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

**RESPONSE:** The project will have a positive effect on the health care system and fills a need for a care alternative and a continuum of care for seniors. As a CCRC, Good Samaritan – Fairfield Glade gives seniors the opportunity to reside in one community for the remainder of their lives as their age and medical needs advance, and the skilled nursing facility is a crucial component of the community.

Currently, the need for nursing home beds exceeds the available supply in Cumberland County. The Applicant has attached several letters in support of the project and the facility.

As stated previously, there is only one other CCRC facility in Cumberland County (Uplands Village), which is located more than 30 minutes away (approximately 24 miles) in Pleasant Hill, Tennessee. In addition, the main sources of individuals for the facility will be internally generated from within the Fairfield Glade community, both existing residents and their families, and future newcomers to the area. Thus, the internal generation of patients will limit its impact on existing providers.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

**RESPONSE:** The following chart lists the Applicant's current staffing for the existing 30-bed facility and the projected staffing for the project:



### Applicant's Current and Anticipated Staffing Information

Department	Description	Existing 30-Beds	Added 30-Beds	Total 60-Beds	Current Pay/Hour (1)	Anticipated Pay/Hour (2)
		Hours/Week	Hours/Week	Hours/Week		
Administration	Administrator	19	13	32	\$ 36.05	\$ 38.25
	HR Director	26	4	30	\$ 19.50	\$ 20.69
	Administrative Secretary	10	20	30	\$ 11.99	\$ 12.72
	Office Manager	14	11	25	\$ 16.82	\$ 17.84
	Staff Development	20	16	36	\$ 19.99	\$ 21.21
	Chaplain (Volunteers)	0	0	0		\$ -
Marketing	Marketing Director	1	4	5	\$ 23.07	\$ 24.47
	Marketing Coordinator	4	2	6	\$ 27.27	\$ 28.93
Nursing	Staff Scheduler			20		\$ -
	Director of Nursing	40	0	40	\$ 31.25	\$ 33.15
	MDS Coordinator	43	37	80	\$ 27.60	\$ 29.28
	Charge Nurse LPN	309	38	347	\$ 18.47	\$ 19.59
	Charge Nurse RN	113	237	350	\$ 26.13	\$ 27.72
	Certified Nursing Assistant	467	493	960	\$ 10.06	\$ 10.67
	Restorative Nursing Aide	71	0	71	\$ 10.33	\$ 10.96
	Driver	20	10	30	\$ 9.50	\$ 10.08
Health Information	Director of HIM	40	0	40	\$ 17.71	\$ 18.79
	Unit Health Information	0	0	20	\$ 12.85	\$ 13.63
Activities	Activity Director	37	23	60	\$ 12.84	\$ 13.62
Social Services	Director of Social Services	40	0	40	\$ 16.82	\$ 17.84
	Admissions Coordinator	56	4	60	\$ 22.21	\$ 23.56
Laundry	Laundry Asst / Trans. Duty	50	30	80	\$ 10.06	\$ 10.67
Housekeeping	Housekeeping Assistant	30	30	60	\$ 9.66	\$ 10.25
Dietary	Director of Dietary	19	0	19	\$ 23.76	\$ 25.21
	Dietary Supervisor	12	28	40	\$ 14.45	\$ 15.33
	Dietician	7	5	12	\$ 50.00	\$ 53.05
	Dietary Assistant	135	0	135	\$ 9.31	\$ 9.88
	Dishwasher	11	9	20	\$ 8.65	\$ 9.18
Operations/Maintenance	Director of Environmental	7	1	8	\$ 22.97	\$ 24.37
	Environmental Assistant	2	0	2	\$ 9.01	\$ 9.56
	Maintenance Tech	14	10	24	\$ 13.01	\$ 13.80
Resource Development	Resource Devel. Staff	2	2	4	\$ 24.03	\$ 25.49

(1) Current Pay/Hour From May Labor Analysis - Ending 5/31/14

(2) Anticipated Pay/Hour Determined by Adding a 3% Pay Increase for 2015 and 2106 (with 2016 as the First Year)



According to the May 2013 State Occupational Employment and Wage Statistics for Tennessee published by the U.S. Bureau of Labor Statistics, the median hourly wage for RNs is \$26.96, for LPNs is \$17.22, and for CNAs is \$10.83. As such, the Applicant's current and proposed wages are in-line with the state-wide averages for such positions in Tennessee.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

**RESPONSE:** The Applicant pays wages and offers benefits that are in-line with the prevailing rates of other employment opportunities in the community. The Facility also benefits from local schools such as the Tennessee Technology Center of Crossville's Practical Nursing Program and Roane State Community College's Nursing Program. The Applicant currently has staff required by the proposal, including adequate professional staff as per the Department of Health, and does not anticipate difficulty filling positions needed for the project.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

**RESPONSE:** The Applicant has reviewed and understands the aforementioned requirements.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (*e.g., internships, residencies, etc.*).

**RESPONSE:** The Applicant has entered into an Affiliation Agreement with Tennessee Technological University for the training of nursing, allied health, health information technology and EMT students. In addition, the Applicant has an Affiliation Agreement with the Tennessee Technology Center at Crossville to train and provide experience for students in the practical nursing program.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

**RESPONSE:** The Applicant is familiar with all licensure requirements of the Tennessee regulatory agencies and relevant Medicare requirements.



- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

**RESPONSE:** Good Samaritan Fairfield Glade is licensed by the Tennessee Department of Health as a nursing home, and it is certified for Medicare and Medicaid participation. Its license and provider numbers are as follows:

State License Number: 389

Medicare Certification: 44-5506

Medicaid Certification: 44-5506, 7440813

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

**RESPONSE:** Good Samaritan Fairfield Glade is currently in good standing with all licensing, certifying and accrediting agencies. Please see Attachment C: Contribution to the Orderly Development of Health Care – 7(c).

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

**RESPONSE:** The Applicant has not been cited for any deficiencies.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

**RESPONSE:** Not applicable.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

**RESPONSE:** Not applicable.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.



**RESPONSE:** If the proposal is approved, the Applicant will be happy to provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.



### PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): October 22, 2014. Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

<u>Phase</u>	<u>Anticipated Date</u>	
	<u>DAYS REQUIRED</u>	<u>(MONTH/YEAR)</u>
1. Architectural and engineering contract signed	<u>1</u>	<u>October 2014</u>
2. Construction documents approved by the Tennessee Department of Health	<u>91</u>	<u>January 2015</u>
3. Construction contract signed	<u>92</u>	<u>January 2015</u>
4. Building permit secured	<u>93</u>	<u>January 2015</u>
5. Site preparation completed	<u>138</u>	<u>March 2015</u>
6. Building construction commenced	<u>139</u>	<u>March 2015</u>
7. Construction 40% complete	<u>251</u>	<u>July 2015</u>
8. Construction 80% complete	<u>409</u>	<u>December 2015</u>
9. Construction 100% complete (approved for occupancy)	<u>487</u>	<u>February 2016</u>
10. *Issuance of license	<u>508</u>	<u>March 2016</u>
11. *Initiation of service	<u>509</u>	<u>March 2016</u>
12. Final Architectural Certification of Payment	<u>525</u>	<u>April 2016</u>
13. Final Project Report Form (HF0055)	<u>539</u>	<u>April 2016</u>

**\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.**

**Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.**



AFFIDAVITSTATE OF South DakotaCOUNTY OF Minnehaha

Raye Nae Nylander, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

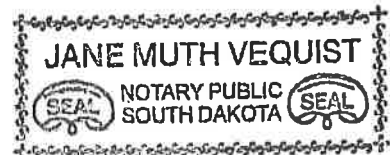
Raye Nae Nylander  
SIGNATURE/TITLE

Sworn to and subscribed before me this 14<sup>th</sup> day of July, 2014 a Notary  
(Month) (Year)

Minnehaha Co.  
Public in and for the County/State of South Dakota

Jane Muth Vequist  
NOTARY PUBLIC

My commission expires June 15, 2015  
(Month/Day) (Year)





## **EXHIBITS**

*Please see attached.*



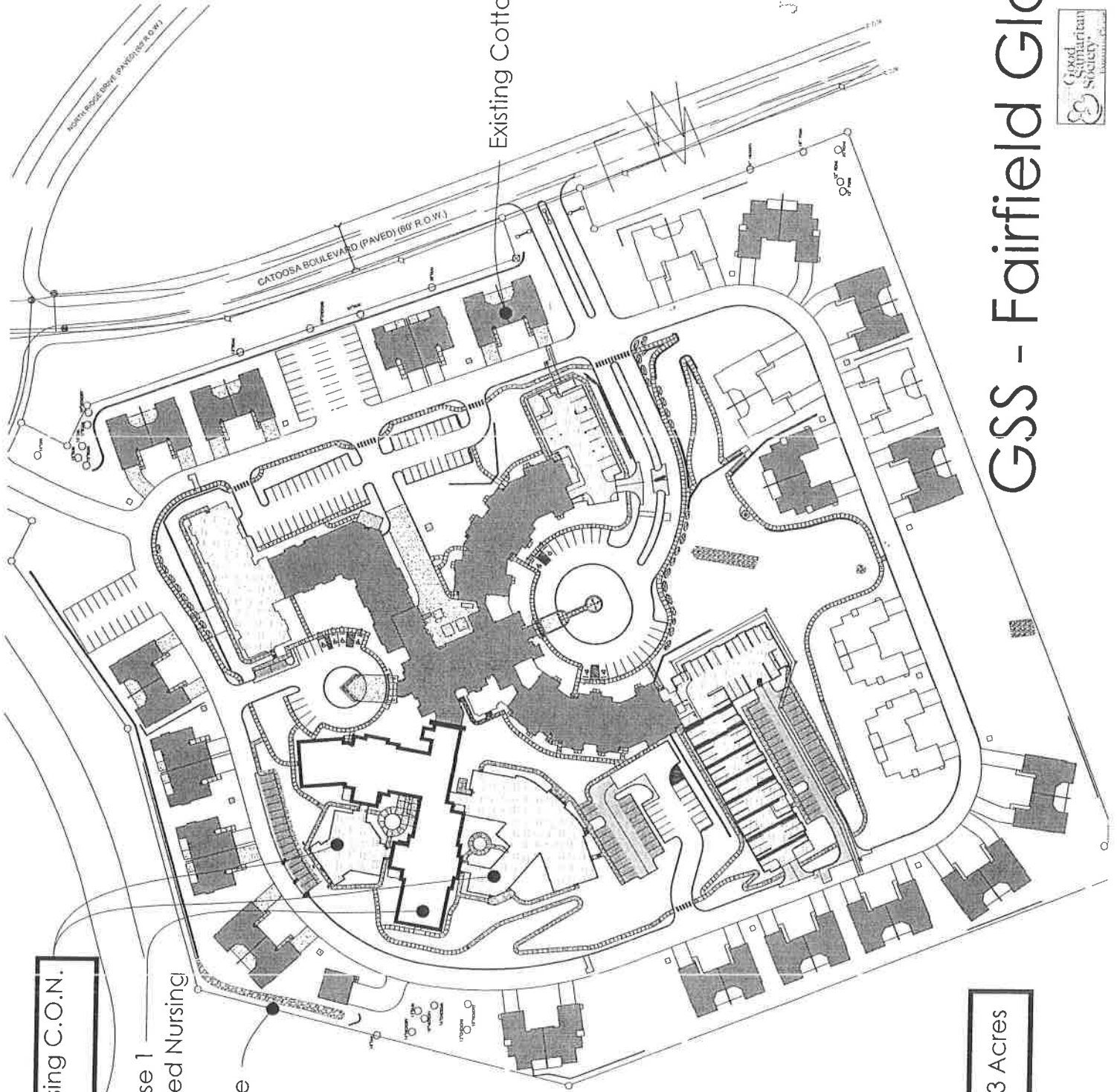
**Attachment B.III.A.**

**Plot Plan**



JUL 14 12 PM 3:55

Existing Cottages



Skilled Nursing C.O.N.  
30 Beds

Existing Phase 1  
30 Beds Skilled Nursing

Property Line

Site Area - 23 Acres

GSS - Fairfield Glade





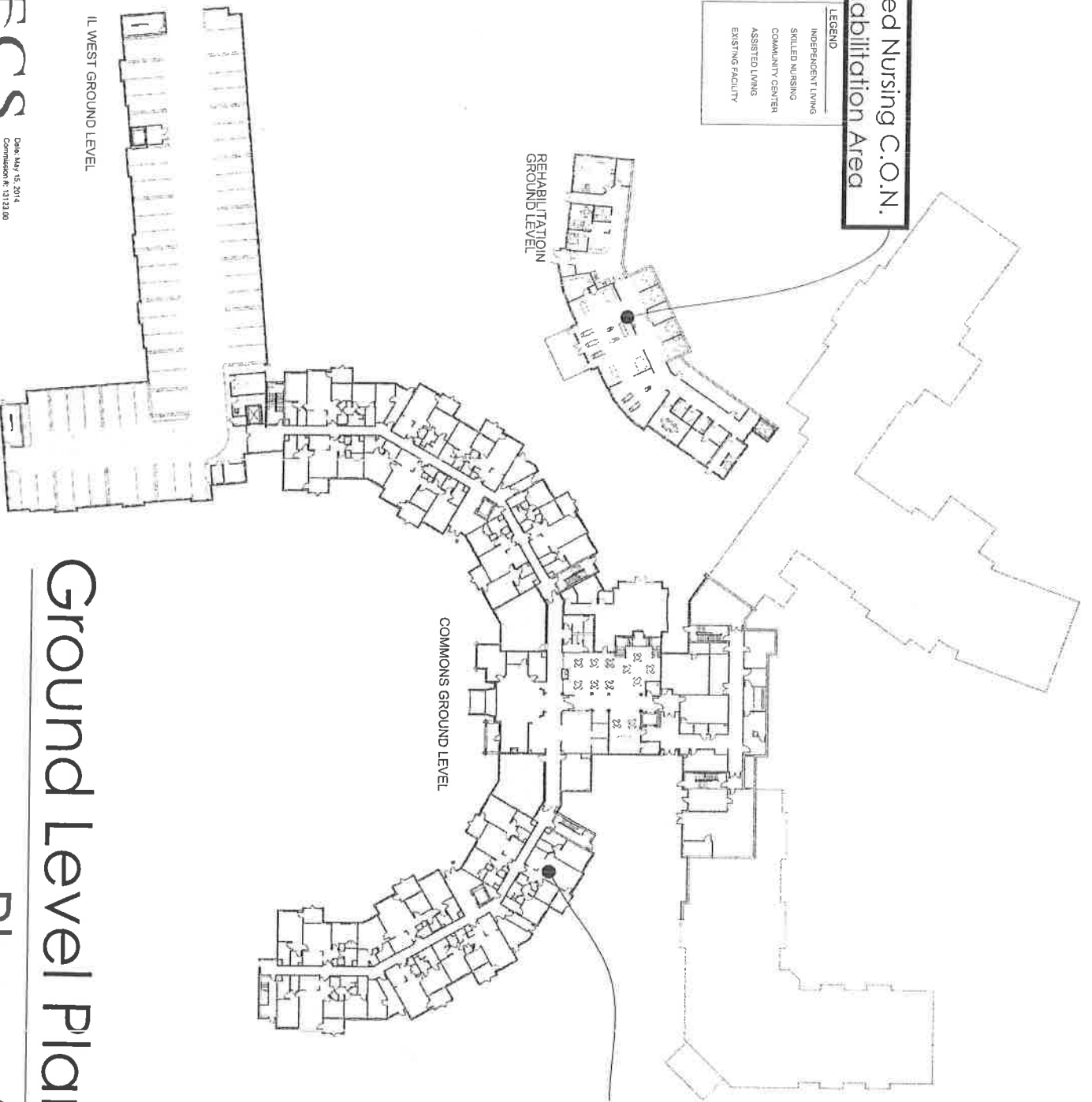
**Attachment B.IV.**

**Floor Plans**



# Skilled Nursing C.O.N. Rehabilitation Area

- LEGEND
- INDEPENDENT LIVING
  - SKILLED NURSING
  - COMMUNITY CENTER
  - ASSISTED LIVING
  - EXISTING FACILITY



Existing Phase 1  
Apartments

11.16.14 POC:SS

## Ground Level Plan

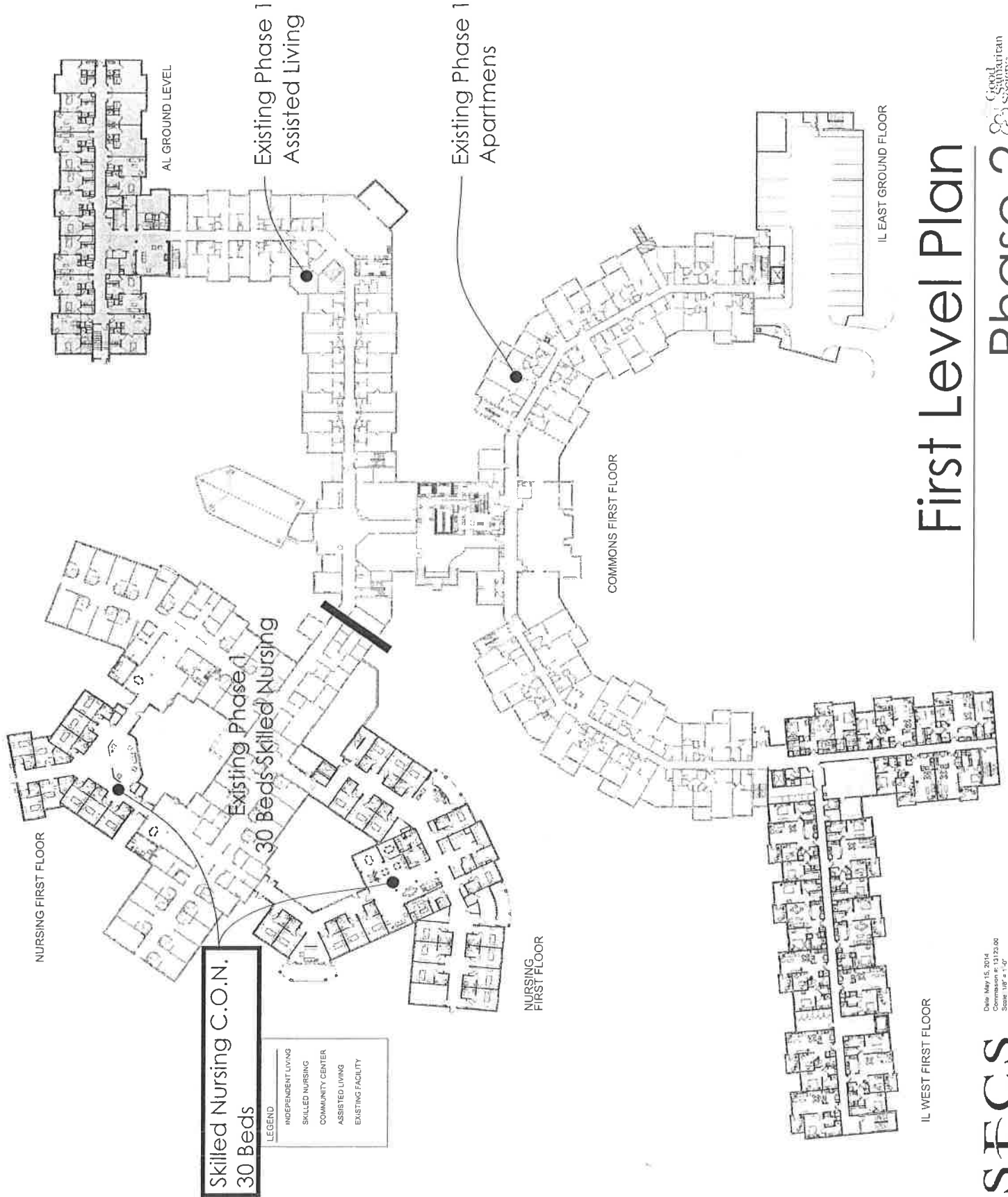
### Phase 2



STCCS

Date: May 15, 2014  
Revision: 13121.00  
Scale: 1/8" = 1'-0"





# First Level Plan



## Phase 2

Date: May 15, 2014  
 Commission #: 13120.00  
 Scale: 1/8" = 1'-0"

**SFCS**





## Second Level Plan

### Phase 2

Date: May 15, 2014  
Commission #: 13123.00  
Scale: 1/8" = 1'-0"

Softs





DESIGN  
DEVELOPMENT  
NOT FOR  
CONSTRUCTION



**SFCS**  
SFCs Inc. • 305 South Jefferson Street  
Roanoke, Virginia 24011 2003  
540 344 6664 • Fax 540 343 8925  
[www.sfcsm.com](http://www.sfcsm.com)

DATE	NOV 10 1950	NOV 10 1950	DATE
NAME	MR. J. W. BROWN	MR. J. W. BROWN	NAME
ADDRESS	1234 MAIN ST.	1234 MAIN ST.	ADDRESS
CITY	SPRINGFIELD	SPRINGFIELD	CITY
STATE	MASS.	MASS.	STATE
ZIP	01103	01103	ZIP
TELEPHONE	456-7890	456-7890	TELEPHONE
EMPLOYER	ABC COMPANY	ABC COMPANY	EMPLOYER
DATE OF BIRTH	01/01/1920	01/01/1920	DATE OF BIRTH
DATE OF DEATH			DATE OF DEATH
DATE OF INTERVIEW	11/10/50	11/10/50	DATE OF INTERVIEW
INTERVIEWER	J. D. SMITH	J. D. SMITH	INTERVIEWER
REMARKS	See page 1	See page 1	REMARKS

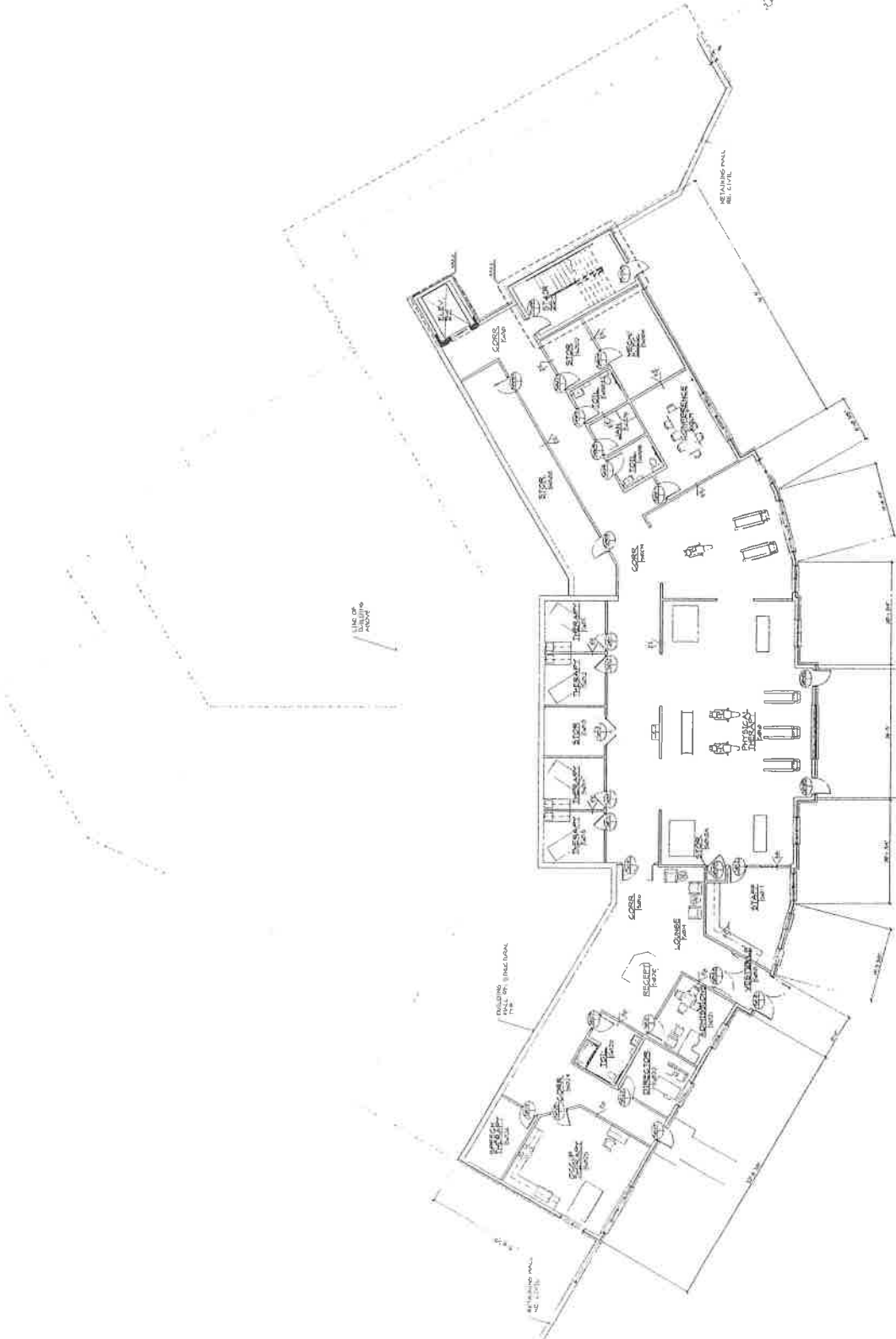
REHAB/SKILLED  
NURSING SOUTH  
ADDITION GROUND  
FLOOR PLAN

A1.12



— 2011 —

REHAB/SKILLED NURSING SOUTH ADDITION - GROUND FLOOR



DATE	10/10/18
Page	1
NO.	2002
NAME	Mr. S. S.
Address	10/10/18
City	10/10/18
State	10/10/18
Zip	10/10/18
Phone	10/10/18
Signature	10/10/18
Print Name	10/10/18





1000

1  
RENOVATE EXISTING CONSTRUCTION TO  
MEET SPECIFIC REQUIREMENTS

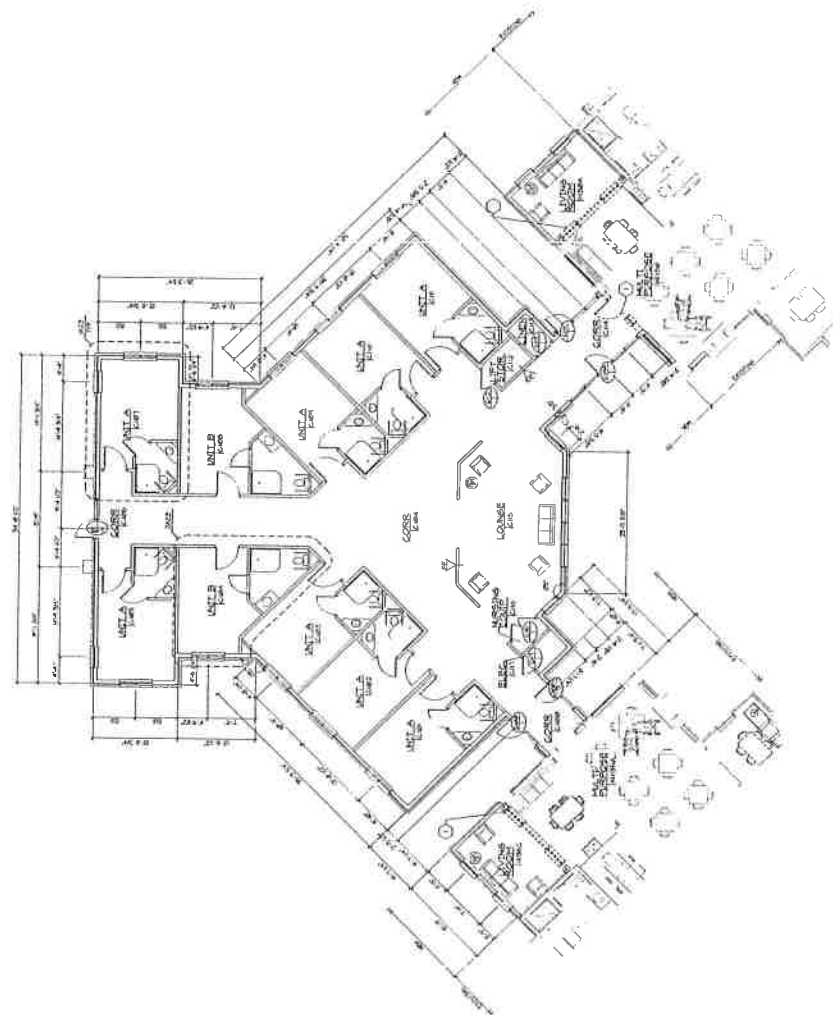
68

**SUPPLEMENTAL #1**[illegible][illegible]

Unit 1
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Unit 3
Unit 4
Unit 5
Unit 6
Unit 7
Unit 8
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Unit 99
Unit 100

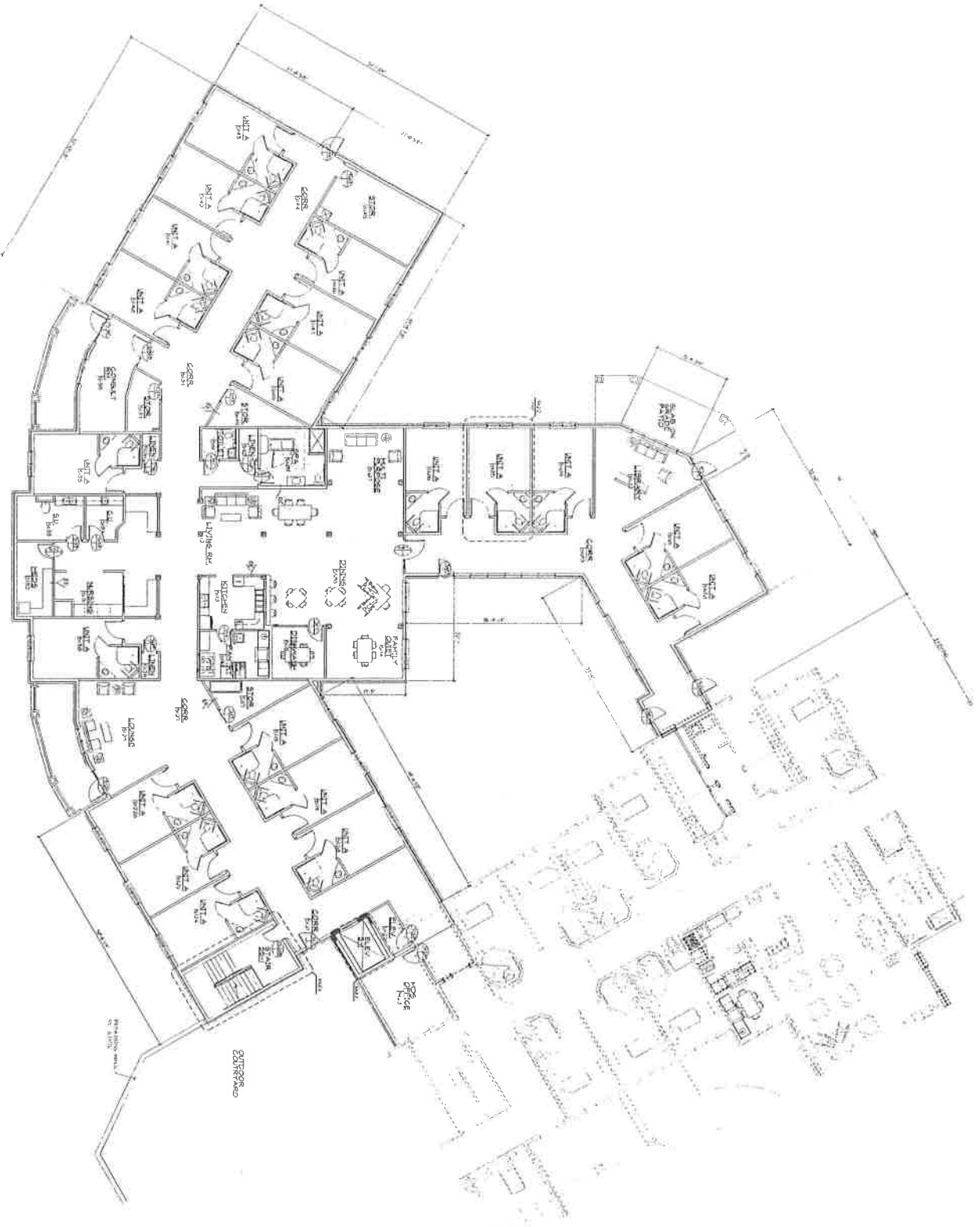
SKILLED NURSING NORTH CONNECTOR ADDITION FIRST FLOOR

A1.16





REHAB/SKILLED NURSING SOUTH ADDITION FIRST FLOOR



UNIT 1A	UNIT 1B	UNIT 1C	UNIT 1D	UNIT 1E	UNIT 1F	UNIT 1G	UNIT 1H	UNIT 1I	UNIT 1J
UNIT 1A	UNIT 1B	UNIT 1C	UNIT 1D	UNIT 1E	UNIT 1F	UNIT 1G	UNIT 1H	UNIT 1I	UNIT 1J
UNIT 1A	UNIT 1B	UNIT 1C	UNIT 1D	UNIT 1E	UNIT 1F	UNIT 1G	UNIT 1H	UNIT 1I	UNIT 1J
UNIT 1A	UNIT 1B	UNIT 1C	UNIT 1D	UNIT 1E	UNIT 1F	UNIT 1G	UNIT 1H	UNIT 1I	UNIT 1J
UNIT 1A	UNIT 1B	UNIT 1C	UNIT 1D	UNIT 1E	UNIT 1F	UNIT 1G	UNIT 1H	UNIT 1I	UNIT 1J



A1.13

REHAB/SKILLED NURSING SOUTH ADDITION FIRST FLOOR PLAN

STCS Inc. • 305 South Lakewood Street  
Suite 100 • Lakewood, CO 80226  
540.344.6664 • Fax 540.343.8025  
www.stcs.com



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**Section C: General Criteria for Certificate of Need – Need.1.A**  
**Bed Need Calculation**



## TCA § 68-11-108 Need Calculation

Cumberland County Age-Formula/Year	2014	2014	2015	2015	2016	2016	2017	2017	2018	2018	2019	2019	2020	2020
	Pop.	Need	Pop.	Need	Pop.	Need	Pop.	Need	Pop.	Need	Pop.	Need	Pop.	Need
0-64 (x .0005)	41,977	21	42,445	21.2	43,061	21.5	43,823	21.9	44,662	22.3	45,621	22.8	46,627	23.3
65-74 (x .0120)	9,133	109.6	8,996	108	8,771	105.3	8,478	101.7	8,106	97.3	7,727	92.7	7,471	89.7
75-84 (x .0600)	5,203	312.2	5,313	318.8	5,436	326.2	5,590	335.4	5,793	347.6	5,962	357.7	6,008	360.5
85+ (x .1500)	1,502	225.3	1,586	237.9	1,645	246.8	1,682	252.3	1,731	259.7	1,767	265.1	1,827	274.1
<b>TOTAL NEED</b>		<b>668.1</b>		<b>684.9</b>		<b>699.8</b>		<b>711.3</b>		<b>726.9</b>		<b>738.3</b>		<b>747.6</b>
<b>Existing Cumberland</b>														
Country Place Health Care Center		122		122		122		122		122		122		122
Wharton Nursing Home		62		62		62		62		62		62		62
WyndRidge Health and Rehabilitation Center		157		157		157		157		157		157		157
Good Samaritan Fairfield Glades		30		30		30		30		30		30		30
Total Existing Beds	371		371		371		371		371		371		371	
<b>BED NEED</b>		<b>297.1</b>		<b>313.9</b>		<b>328.8</b>		<b>340.3</b>		<b>355.9</b>		<b>367.3</b>		<b>376.6</b>
<b>Net Bed Need Change</b>				16.8		14.9		11.5		15.6		11.4		9.3



**Section C: General Criteria for Certificate of Need – Need.3**  
**Service Area Map**



**July 24, 2014****4:27 pm****SFCS**

July 24, 2014

Tennessee Health Services and Development Agency  
Andrew Jackson Building  
500 Deadrick Street/ Suite 850  
Nashville, TN 37243

Re: Certificate of Need Application  
The Evangelical Lutheran Good Samaritan Society  
30 Skilled Beds  
Fairfield Glade, TN

To Whom It May Concern:

I represent SFCS Inc. an architectural and engineering firm with offices in Roanoke, VA, Charlotte, NC, and Philadelphia, PA. Our firm has been retained by The Evangelical Lutheran Good Samaritan Society to provide planning, design and contract administration services for the expansion of their retirement community in Fairfield Glade, TN.

The preliminary design and estimate have been completed. The \$4.1 million construction cost for the construction of the additional 30 skilled beds and rehabilitation/therapy space seems reasonable based on our experience.

To the best of our belief and knowledge this project will be designed in compliance with local, state, and federal construction codes, standards, specifications and requirements that apply to the project such as the 2010 AIA Guidelines for Design and Construction of Healthcare Facilities, 2012 International Building Code, 2012 National Fire Protection Code 101 (NFPA 101 w/ Annex A), 2012 International Energy Conservation Code and other applicable codes.

Sincerely,



Geoff Haskell, AIA  
SFCS, Inc.

Architecture  
Engineering  
Planning  
Interiors

SFCS Inc.  
1927 South Tryon Street  
Suite 207  
Charlotte, NC 28203

T: 704.372.7327  
F: 704.372.7369  
[www.sfcs.com](http://www.sfcs.com)

Roanoke  
Charlotte  
Philadelphia



**Section C: Economic Feasibility - 2**  
**Documentation from Chief Financial Officer**





4800 W 57th St  
PO Box 5038  
Sioux Falls SD 57117-5038

Phone: 605-362-3100  
Fax: 605-362-3309  
www.good-sam.com

July 11, 2014

Melanie Hill, Executive Director  
Tennessee Health Services and Development Agency  
600 Deadrick St, Suite 850  
Nashville, TN 37243

Dear Melanie:

This letter is to inform you that the funds needed to construct 30 additional skilled nursing beds at Good Samaritan Society – Fairfield Glade, TN, will be available to the Society.

The cost of this project will be paid for from the combination of new financing through tax-exempt bonds and excess Society cash reserves. Furthermore, the Society's 2013 audited financial statements are included in this application for your reference.

If you have any questions or are in need of additional information please contact Greg Amble, Director of Development at [gamble@good-sam.com](mailto:gamble@good-sam.com) or 605-362-3108.

Sincerely,

Raye Nae Nylander  
Executive Vice President, CFO and Treasurer

Enclosures



**Section C: Economic Feasibility - 4**  
**Historical and Projected Data Chart**



## HISTORICAL DATA CHART

Give information for the last *three* (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year 2011	Year 2012	Year 2013
A. Utilization Data (Specify unit of measure) Total resident	434	8,922	10,304
B. Revenue from Services to Patients days			
1. Inpatient Services	\$ 163,715	\$ 4,321,708	\$ 5,408,389
2. Outpatient Services	\$34,805	\$99,145	\$475,384
3. Emergency Services			
4. Other Operating Revenue	\$5,903	\$12,131	\$7,453
(Specify) <u>Admin, Pet Fee, Building Rent</u>			
<b>Gross Operating Revenue</b>	<b>\$ 204,423</b>	<b>\$ 4,432,984</b>	<b>\$ 5,891,226</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ 66,409	\$ 1,695,557	\$ 2,339,042
2. Provision for Charity Care			
3. Provisions for Bad Debt	\$0	\$1,000	\$66,166
<b>Total Deductions</b>	<b>\$ 66,409</b>	<b>\$ 1,696,557</b>	<b>\$ 2,405,208</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 138,014</b>	<b>\$ 2,736,427</b>	<b>\$ 3,486,018</b>
D. Operating Expenses			
1. Salaries and Wages	\$ 513,456	\$ 1,430,115	\$ 1,434,213
2. Physician's Salaries and Wages			
3. Supplies	\$412,241	\$1,553,749	\$1,731,117
4. Taxes	\$324	\$324	\$0
5. Depreciation	\$65,659	\$270,390	\$277,613
6. Rent			
7. Interest, other than Capital			
8. Management Fees:			
a. Fees to Affiliates	\$1,135	\$128,525	\$255,637
b. Fees to Non-Affiliates			
9. Other Expenses (Specify) _____			
<b>Total Operating Expenses</b>	<b>\$ 992,815</b>	<b>\$ 3,383,103</b>	<b>\$ 3,698,580</b>
E. Other Revenue (Expenses) – Net (Specify) Resource	\$ 0	\$ 19,344	\$ 43,616
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ (854,801)</b>	<b>\$ (627,332)</b>	<b>\$ (168,946)</b>
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	\$0	\$126,970	\$127,935
<b>Total Capital Expenditures</b>	<b>\$ 0</b>	<b>\$ 126,970</b>	<b>\$ 127,935</b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ _____</b>	<b>\$ (754,302)</b>	<b>\$ (296,881)</b>



**July 31, 2014****08:40 am****PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	<u>Year 2016</u>	<u>Year 2017</u>
A. Utilization Data (Specify unit of measure) Average residents per day	<u>45</u>	<u>48</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$9,659,378</u>	<u>\$ 10,297,730</u>
2. Outpatient Services	<u>\$330,000</u>	<u>\$336,600</u>
3. Emergency Services	<u>                    </u>	<u>                    </u>
4. Other Operating Revenue (Specify) <u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Gross Operating Revenue</b>	<b><u>\$ 9,989,378</u></b>	<b><u>\$ 10,634,330</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$ 4,200,000</u>	<u>\$ 4,350,000</u>
2. Provision for Charity Care	<u>                    </u>	<u>                    </u>
3. Provisions for Bad Debt	<u>                    </u>	<u>                    </u>
<b>Total Deductions</b>	<b><u>\$ 4,200,000</u></b>	<b><u>\$ 4,350,000</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$ 5,789,378</u></b>	<b><u>\$ 6,284,330</u></b>
D. Operating Expenses		
1. Salaries and Wages	<u>\$ 2,680,805</u>	<u>\$ 2,734,421</u>
2. Physician's Salaries and Wages	<u>                    </u>	<u>                    </u>
3. Supplies	<u>\$2,405,010</u>	<u>\$2,606,663</u>
4. Taxes	<u>                    </u>	<u>                    </u>
5. Depreciation	<u>\$439,697</u>	<u>\$439,697</u>
6. Rent	<u>                    </u>	<u>                    </u>
7. Interest, other than Capital	<u>                    </u>	<u>                    </u>
8. Management Fees:		
a. Fees to Affiliates	<u>\$232,000</u>	<u>\$232,000</u>
b. Fees to Non-Affiliates	<u>                    </u>	<u>                    </u>
9. Other Expenses (Specify) <u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Operating Expenses</b>	<b><u>\$ 5,757,512</u></b>	<b><u>\$ 6,012,781</u></b>
E. Other Revenue (Expenses) -- Net (Specify)	<u>\$</u>	<u>\$</u>
<b>NET OPERATING INCOME (LOSS)</b>	<b><u>\$ 31,866</u></b>	<b><u>\$ 271,549</u></b>
F. Capital Expenditures		
1. Retirement of Principal	<u>\$</u>	<u>\$</u>
2. Interest	<u>\$371,731</u>	<u>\$364,971</u>
<b>Total Capital Expenditures</b>	<b><u>\$ 371,731</u></b>	<b><u>\$ 364,971</u></b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b><u>\$ (339,865)</u></b>	<b><u>\$ (93,422)</u></b>



**July 31, 2014****08:40 am****PROJECTED DATA CHART**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	<u>Year 2016</u>	<u>Year 2017</u>
A. Utilization Data (Specify unit of measure) Average residents per day	<u>22.5</u>	<u>24</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$ 4,813,807</u>	<u>\$ 5,276,115</u>
2. Outpatient Services	<u>\$200,000</u>	<u>\$204,000</u>
3. Emergency Services	<u>                    </u>	<u>                    </u>
4. Other Operating Revenue (Specify) <u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Gross Operating Revenue</b>	<b><u>\$ 5,013,807</u></b>	<b><u>\$ 5,480,115</u></b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$ 2,100,000</u>	<u>\$ 2,400,000</u>
2. Provision for Charity Care	<u>                    </u>	<u>                    </u>
3. Provisions for Bad Debt	<u>                    </u>	<u>                    </u>
<b>Total Deductions</b>	<b><u>\$ 2,100,000</u></b>	<b><u>\$ 2,400,000</u></b>
<b>NET OPERATING REVENUE</b>	<b><u>\$ 2,913,807</u></b>	<b><u>\$ 3,080,115</u></b>
D. Operating Expenses		
1. Salaries and Wages	<u>\$ 1,400,000</u>	<u>\$ 1,428,000</u>
2. Physician's Salaries and Wages	<u>                    </u>	<u>                    </u>
3. Supplies	<u>\$947,198</u>	<u>\$1,012,432</u>
4. Taxes	<u>                    </u>	<u>                    </u>
5. Depreciation	<u>\$164,090</u>	<u>\$164,090</u>
6. Rent	<u>                    </u>	<u>                    </u>
7. Interest, other than Capital	<u>                    </u>	<u>                    </u>
8. Management Fees:		
a. Fees to Affiliates	<u>\$116,552</u>	<u>\$116,552</u>
b. Fees to Non-Affiliates	<u>                    </u>	<u>                    </u>
9. Other Expenses (Specify) <u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Operating Expenses</b>	<b><u>\$ 2,627,840</u></b>	<b><u>\$ 2,721,074</u></b>
E. Other Revenue (Expenses) -- Net (Specify)	<u>\$</u>	<u>\$</u>
<b>NET OPERATING INCOME (LOSS)</b>	<b><u>\$ 285,966</u></b>	<b><u>\$ 359,041</u></b>
F. Capital Expenditures		
1. Retirement of Principal	<u>\$</u>	<u>\$</u>
2. Interest	<u>\$245,372</u>	<u>\$242,112</u>
<b>Total Capital Expenditures</b>	<b><u>\$ 245,372</u></b>	<b><u>\$ 242,112</u></b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b><u>\$ 40,594</u></b>	<b><u>\$ 116,929</u></b>



**PROJECTED DATA CHART****July 31, 2014****08:40 am**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year <u>2018</u>	Year _____
A. Utilization Data (Specify unit of measure) Average residents	<u>25.5</u>	_____
B. Revenue from Services to Patients per day		
1. Inpatient Services	\$ <u>5,609,419</u>	\$ _____
2. Outpatient Services	<u>\$343,332</u>	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$ <u>5,952,751</u></b>	<b>\$ _____</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ <u>2,400,000</u>	\$ _____
2. Provision for Charity Care	_____	_____
3. Provisions for Bad Debt	_____	_____
<b>Total Deductions</b>	<b>\$ <u>2,400,000</u></b>	<b>\$ _____</b>
<b>NET OPERATING REVENUE</b>	<b>\$ <u>3,552,751</u></b>	<b>\$ _____</b>
D. Operating Expenses		
1. Salaries and Wages	\$ <u>1,428,000</u>	\$ _____
2. Physician's Salaries and Wages	_____	_____
3. Supplies	<u>\$1,032,681</u>	_____
4. Taxes	_____	_____
5. Depreciation	<u>\$164,090</u>	_____
6. Rent	_____	_____
7. Interest, other than Capital	_____	_____
8. Management Fees:		
a. Fees to Affiliates	<u>\$238,110</u>	_____
b. Fees to Non-Affiliates	_____	_____
9. Other Expenses (Specify) _____	_____	_____
<b>Total Operating Expenses</b>	<b>\$ <u>2,862,881</u></b>	<b>\$ _____</b>
E. Other Revenue (Expenses) -- Net (Specify)	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ <u>689,870</u></b>	<b>\$ _____</b>
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	<u>\$238,657</u>	_____
<b>Total Capital Expenditures</b>	<b>\$ <u>238,657</u></b>	<b>\$ _____</b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ <u>451,213</u></b>	<b>\$ _____</b>



**July 31, 2014****PROJECTED DATA CHART****08:40 am**

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year <u>2018</u>	Year _____
A. Utilization Data (Specify unit of measure) Average residents per day	<u>51</u>	_____
B. Revenue from Services to Patients		
1. Inpatient Services	\$ <u>10,937,243</u>	\$ _____
2. Outpatient Services	<u>\$343,332</u>	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$ <u>11,280,575</u></b>	<b>\$ _____</b>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ <u>4,500,000</u>	\$ _____
2. Provision for Charity Care	_____	_____
3. Provisions for Bad Debt	_____	_____
<b>Total Deductions</b>	<b>\$ <u>4,500,000</u></b>	<b>\$ _____</b>
<b>NET OPERATING REVENUE</b>	<b>\$ <u>6,780,575</u></b>	<b>\$ _____</b>
D. Operating Expenses		
1. Salaries and Wages	\$ <u>2,789,109</u>	\$ _____
2. Physician's Salaries and Wages	_____	_____
3. Supplies	<u>\$2,612,123</u>	_____
4. Taxes	_____	_____
5. Depreciation	<u>\$439,697</u>	_____
6. Rent	_____	_____
7. Interest, other than Capital	_____	_____
8. Management Fees:		
a. Fees to Affiliates	<u>\$271,223</u>	_____
b. Fees to Non-Affiliates	_____	_____
9. Other Expenses (Specify) _____	_____	_____
<b>Total Operating Expenses</b>	<b>\$ <u>6,112,443</u></b>	<b>\$ _____</b>
E. Other Revenue (Expenses) -- Net (Specify)	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ <u>668,423</u></b>	<b>\$ _____</b>
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	<u>\$357,816</u>	_____
<b>Total Capital Expenditures</b>	<b>\$ <u>357,816</u></b>	<b>\$ _____</b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ <u>310,607</u></b>	<b>\$ _____</b>



**Section C: Contribution to the Orderly Development of Healthcare –  
7(c)**

**Applicant's Facility License**



# Board for Licensing Health Care Facilities



State of Tennessee

License No. 0000000389

No. Beds 0030

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*

*THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY to conduct*

*and maintain a Nursing Home GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE*

*Located at 100 SAMARITAN WAY, CROSSVILLE*

*County of CUMBERLAND, Tennessee.*

*This license shall expire JANUARY 11, 2015 and is subject*

*to the provisions of Chapter 41, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State*

*this 11TH day of JANUARY, 2014.*



*By Vincent J. Davis, MPH*  
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

*By [Signature]*  
COMMISSIONER



**Section C: Economic Feasibility – 10**  
**Applicant's Balance Sheet and Income Statement**



**THE EVANGELICAL LUTHERAN  
GOOD SAMARITAN SOCIETY AND AFFILIATES  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012**



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES  
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**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES  
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CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Evangelical Lutheran Good Samaritan Society  
and Affiliates  
Sioux Falls, South Dakota

We have audited the accompanying consolidated financial statements of The Evangelical Lutheran Good Samaritan Society and Affiliates (the Society) (a North Dakota corporation) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Board of Directors  
The Evangelical Lutheran Good Samaritan Society  
and Affiliates

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Society and its subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
April 25, 2014



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2013 AND 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)

<b>ASSETS</b>	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 23,529	\$ 17,629
Investments	379,063	280,492
Accounts Receivable, Net	84,538	87,278
Notes and Other Current Receivables	2,084	1,539
Current Portion of Assets Limited as to Use	57,403	-
Inventory	5,788	6,248
Prepaid Expenses	2,226	2,380
Securities Lending - Collateral Held for Loaned Securities	46,287	22,962
Total Current Assets	<u>600,918</u>	<u>418,528</u>
<b>ASSETS LIMITED AS TO USE</b>		
Investments	62,698	212,874
Securities Lending - Investments Loaned to Broker	45,663	23,386
Total Assets Limited as to Use, Less Current Portion	<u>108,361</u>	<u>236,260</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land and Land Improvements	157,741	153,954
Buildings and Improvements	1,421,726	1,355,143
Furniture and Equipment	256,228	263,966
Vehicles	17,902	17,089
Total	<u>1,853,597</u>	<u>1,790,152</u>
Less: Accumulated Depreciation	<u>(960,132)</u>	<u>(933,774)</u>
Subtotal	893,465	856,378
Construction and Development	81,758	95,827
Total Property and Equipment	<u>975,223</u>	<u>952,205</u>
<b>OTHER ASSETS</b>		
Investments	32,421	29,976
Notes Receivable and Other Assets	18,709	14,661
Unamortized Financing Fees	4,851	4,579
Total Other Assets	<u>55,981</u>	<u>49,216</u>
Total Assets	<u><u>\$ 1,740,483</u></u>	<u><u>\$ 1,656,209</u></u>

See accompanying Notes to Consolidated Financial Statements.



	2013	2012
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	\$ 69,109	\$ 18,145
Resident Funds and Prepaid Rents	9,953	8,173
Accounts Payable	29,973	27,359
Accrued Expenses:		
Salaries and Wages	16,307	13,811
Vacation	27,018	26,900
Employee Benefits and Payroll Taxes	10,093	10,117
Insurance	37,075	35,094
Interest	2,712	1,976
Current Portion of Housing Entry Fees	8,687	8,687
Securities Lending - Payable Under Investment Loan Agreement	46,835	23,993
Other Current Liabilities	8,268	7,322
Total Current Liabilities	<u>266,030</u>	<u>181,577</u>
<b>LONG-TERM DEBT, Less Current Maturities</b>	572,424	591,447
<b>OTHER LIABILITIES</b>		
Non-Refundable Housing Entry Fees	17,621	16,914
Refundable Housing Entry Fees	80,993	75,761
Annuities and Other Liabilities	9,342	10,173
Total Other Liabilities	<u>107,956</u>	<u>102,848</u>
<b>Total Liabilities</b>	946,410	875,872
<b>NET ASSETS</b>		
Unrestricted:		
Unrestricted	703,662	701,048
Non-Controlling Interest	11,535	6,435
Total Unrestricted	<u>715,197</u>	<u>707,483</u>
Temporarily Restricted	60,165	55,474
Permanently Restricted	18,711	17,380
Total Net Assets	<u>794,073</u>	<u>780,337</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,740,483</u>	<u>\$ 1,656,209</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)

	2013	2012
<b>OPERATING REVENUE</b>		
Housing and Services	\$ 932,812	\$ 917,122
Resource Development	4,785	4,986
Net Assets Released from Restrictions for Operating Purposes	5,108	5,793
Other Revenue	29,938	26,106
Total Operating Revenue	<u>972,643</u>	<u>954,007</u>
<b>OPERATING EXPENSE</b>		
Housing and Services	663,619	658,946
Administrative	158,886	141,630
Employee Health Benefits	41,750	38,066
Resource Development	3,973	3,804
General Insurance	23,116	20,040
Interest	21,765	22,085
Depreciation	68,503	65,857
Total Operating Expense	<u>981,612</u>	<u>950,428</u>
<b>OPERATING INCOME (LOSS)</b>	(8,969)	3,579
<b>NONOPERATING GAINS (LOSSES) AND OTHER SUPPORT</b>		
Interest Income	7,365	7,489
Realized Gain on Investments	13,149	7,777
Unrealized Gain on Investments	7,889	16,105
Loss on Disposal and Impairment of Property	(15,475)	(8,400)
Loss on Extinguishment of Debt	(3,249)	(3,230)
Total Nonoperating Gains and Other Support	<u>9,679</u>	<u>19,741</u>
<b>EXCESS OF REVENUE OVER EXPENSE</b>	710	23,320
Net Assets Released from Restrictions for Capital Purposes	5,535	7,078
Change in Non-Controlling Interest	<u>6,188</u>	<u>5,650</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE DISCONTINUED OPERATIONS</b>	12,433	36,048
<b>LOSS ON DISCONTINUED OPERATIONS</b>	<u>(4,719)</u>	<u>(3,429)</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>\$ 7,714</u>	<u>\$ 32,619</u>

See accompanying Notes to Consolidated Financial Statements.



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Excess of Revenue over Expense	\$ 710	\$ -	\$ -	\$ 710
Net Assets Released from Restrictions for Capital Purposes	5,535	-	-	5,535
Net Assets Released from Restrictions	-	(10,643)	-	(10,643)
Restricted Contributions	-	15,399	1,108	16,507
Change in Non-Controlling Interest	6,188	-	-	6,188
Increase in Beneficial Interest in Perpetual Trust	-	-	223	223
Change in Net Assets before Discontinued Operations	12,433	4,756	1,331	18,520
Loss from Discontinued Operations	(4,719)	(65)	-	(4,784)
Change in Net Assets	7,714	4,691	1,331	13,736
Net Assets - Beginning	707,483	55,474	17,380	780,337
Net Assets - Ending	<u>\$ 715,197</u>	<u>\$ 60,165</u>	<u>\$ 18,711</u>	<u>\$ 794,073</u>

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Excess of Revenue over Expense	\$ 23,320	\$ -	\$ -	\$ 23,320
Net Assets Released from Restrictions for Capital Purposes	7,078	-	-	7,078
Net Assets Released from Restrictions	-	(12,871)	-	(12,871)
Restricted Contributions	-	13,295	618	13,913
Change in Non-Controlling Interest	5,650	-	-	5,650
Increase in Beneficial Interest in Perpetual Trust	-	-	192	192
Change in Net Assets before Discontinued Operations	36,048	424	810	37,282
Loss from Discontinued Operations	(3,429)	(97)	-	(3,526)
Change in Net Assets	32,619	327	810	33,756
Net Assets - Beginning	674,864	55,147	16,570	746,581
Net Assets - Ending	<u>\$ 707,483</u>	<u>\$ 55,474</u>	<u>\$ 17,380</u>	<u>\$ 780,337</u>

See accompanying Notes to Consolidated Financial Statements.



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 13,736	\$ 33,756
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Reconciling Items Included in Discontinued Operations	3,229	2,196
Depreciation	68,503	65,857
Amortization	(19)	308
Provision for Bad Debts	799	(2,232)
Housing Entry Fees and Annuities Revenue	(3,491)	(3,564)
Realized and Unrealized Gain on Investments	(21,038)	(23,882)
Change in Beneficial Interest in Perpetual Trusts	(223)	(192)
Loss on Disposal and Impairment of Property	15,475	8,400
Loss on Refinancing of Debt	3,249	3,230
Change in Non-Controlling Interest	(6,188)	(5,650)
Reclassification of Restricted Contributions	(12,404)	(9,490)
Change in Assets:		
Accounts Receivable	(2,341)	(12,776)
Other Current Assets	375	(13)
Change in Liabilities:		
Resident Funds, Prepaid Rents and Accounts Payable	(2,483)	(288)
Accrued Expenses and Other Current Liabilities	7,921	1,265
Net Cash Provided by Operating Activities	65,099	56,925
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Change in Investments	(9,055)	(17,393)
Change in Notes Receivable and Other Assets	(1,828)	1,010
Business Acquisitions	(3,651)	-
Property Additions	(101,132)	(77,617)
Proceeds from Sale of Property	1,099	48
Net Cash Used by Investing Activities	(114,567)	(93,952)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Annuities Issued and Housing Entry Fees	18,577	20,390
Refund of Housing Entry Fees	(9,938)	(9,058)
Payment of Financing Fees	(1,163)	(39)
Proceeds from Long-Term Debt Borrowings	47,141	32,364
Repayment of Long-Term Debt	(17,164)	(21,640)
Proceeds from Contributions	17,915	13,755
Net Cash Provided by Financing Activities	55,368	35,772
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	5,900	(1,255)
Cash and Cash Equivalents - Beginning of Year	17,629	18,884
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 23,529	\$ 17,629

See accompanying Notes to Consolidated Financial Statements.



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 1 ORGANIZATION**

**Organization and Principles of Consolidation**

The financial statements include the consolidated accounts of The Evangelical Lutheran Good Samaritan Society, a North Dakota non-profit corporation; its wholly owned Cayman Islands captive insurance company, Good Samaritan Society Insurance, Ltd; its controlled foundation, The Evangelical Lutheran Good Samaritan Foundation, a Minnesota non-profit corporation; its controlled affordable housing entities, South Dakota non-profit corporations and tax credit limited partnerships; and Good Samaritan Holdings, LLC, its controlled residential facilities (collectively, the Society). All material intercompany balances, transactions, and earnings have been eliminated.

The Society operates communities throughout the United States. Housing and services for seniors are provided at Society communities through a continuum of care including skilled and rehab services, senior housing with services, and home and community based services.

As of December 31, 2013, the Society owned or leased 177 continuum of care communities, 34 home care, hospice and private duty agencies; and controlled 29 operating affordable housing and senior housing with services projects, in 24 states.

As of December 31, 2012, the Society owned or leased 182 continuum of care communities, 31 home care, hospice and private duty agencies; and controlled 28 operating affordable housing and senior housing with services projects, in 24 states.

The Society funds some of its insurance deductible and self-insurance obligations through Good Samaritan Society Insurance, Ltd (GSSI). The contracts between GSSI and the Society are deposit contracts in which GSSI agrees to reimburse or indemnify the Society for certain deductible and self-insurance obligations related to its operations. The contracts are not considered insurance for U.S. accounting, tax, or regulatory purposes.

As of December 31, 2013 and 2012, the Society managed 10 facilities, owned by others and was also an equity member in two and three joint venture relationships, respectively, which it does not control. The consolidated financial statements do not include the accounts of the managed facilities or the joint ventures, which the Society does not control (Note 8).



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**NOTE 1 ORGANIZATION (CONTINUED)**

**Corporate Governance and Compensation**

The Society's Board of Directors has adopted a Policy Governance Program to guide and direct Board activities relating to organizational performance.

The Society's employee compensation plan includes all positions within the Society's National Campus and field Administrators/Executive Directors and Executive Managers. The compensation plan is reviewed, re-calibrated and updated every five years through the use of an external consultant, which last occurred in 2011. During this review the compensation plan is evaluated, updated and re-calibrated to be 100% competitive at the 50th percentile of the national labor market. This is completed through the use of the external consultant and market data from a recognized national data base resource.

**Obligated Group**

The Evangelical Lutheran Good Samaritan Society and The Evangelical Lutheran Good Samaritan Foundation are the members of the Obligated Group under a Master Trust Indenture which secures a major portion of the Society's debt. Each member of the Obligated Group is required to secure the related debt by a pledge of gross revenues and a security interest in any fund or account in which gross revenues are deposited subsequent to a default. In addition, each member of the Obligated Group is jointly and severally liable for all debt under the indenture.

**Non-Controlling Interest**

The non-controlling interest at December 31, 2013 and 2012 includes other partners' interests related to the ventures of four tax credit limited partnerships. The tax credit limited partnerships are consolidated in these financial statements for the years ended December 31, 2013 and 2012. The net assets attributed to the non-controlling partner are reported as non-controlling interest within unrestricted net assets on the consolidated balance sheets.

**Tax Exempt Status**

The Society's U.S. domiciled entities are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code or are pass-through entities not subject to tax. Good Samaritan Society Insurance, Ltd. is an exempted company under the Companies Law of the Cayman Islands.

The Society follows the accounting standard for contingencies in evaluating the accounting for uncertainty in income taxes recognized in an entity's financial statements. This standard prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized.



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**NOTE 1 ORGANIZATION (CONTINUED)**

**Tax Exempt Status (Continued)**

The Society's income tax returns are subject to review and examination by federal, state, and local authorities. The Society is not aware of any activities that would jeopardize its tax-exempt status. The tax returns for the years 2010 to 2012 are open to examination by federal, local, and state authorities.

**Social Accountability**

The Society provides charitable services and housing for residents who are not able to pay the full rates associated with the services they receive from the Society. In addition, the Society contributes to the communities it serves in a variety of ways. These include, but are not limited to: providing free meals; conducting health fairs for seniors; volunteering employees' time to deliver meals; furnishing meeting spaces to local churches, support groups, and service societies; and providing free transportation for seniors living in the communities served by the Society.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of Presentation**

Contributions received are recorded as an increase in unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Society and changes therein are classified and reported as follows:

Unrestricted – Those resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board of directors has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Society or passage of time. The Society has elected to present temporarily restricted contributions that are fulfilled in the same period within the unrestricted net assets class.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Society.



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**NOTE 2     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets are released and reported as an increase in unrestricted net assets. Income earned on temporary or permanently restricted support, including capital appreciation is recognized in the period earned.

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, the Society considers all cash and short-term investments with an original maturity of three months or less to be cash and cash equivalents. The carrying amount of cash equivalents is a reasonable estimate of fair value.

The Society's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and temporary cash investments. The Society believes it places its cash and cash equivalents and temporary cash investments with high quality credit institutions. At times such investments may be in excess of the FDIC insurance limit.

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenue over expense unless the income or loss is restricted by donor. The cost of securities sold is based on the specific identification method.

The Society has investments in a variety of investment funds. The Society's investment policy limits investing to investment grade securities. The investment portfolio is governed by a policy that is reviewed quarterly by the board of directors. In general, investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that change in the values of the investments will occur in the near term and that such changes could materially affect account balances and the consolidated statements of operations.



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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Securities Lending**

The Society participates in securities lending transactions through a program managed by its custodial bank. A portion of its investments are loaned to selected established brokerage firms in return for cash which the Society uses to purchase other investments. These investments are collateral for the original investments loaned. Under terms of its securities lending agreement, the program requires brokers who borrow securities from the Society to provide collateral of a value of at least equal to 102% of the then fair value of the loaned securities. Valuations of the collateral pools are provided to the Society by the custodial bank. At December 31, 2013 and 2012, the excess of the obligation to return the collateral investments over the fair market value of the collateral received of \$548 and \$1,031, respectively, have been recorded as an unrealized loss on investments on the consolidated statements of operations.

**Accounts Receivable**

The Society uses the allowance method to account for uncollectible accounts. The allowance is based on management's estimate of potential bad debts as well as historical collection history. When the Society has exhausted all collection efforts and accounts are deemed uncollectible, they are written off against the allowance for doubtful accounts. Accounts receivable are net of an allowance for doubtful accounts of approximately \$6,916 and \$6,151 as of December 31, 2013 and 2012, respectively.

**Inventory**

Inventory consists principally of food, unused linens, office supplies, and housekeeping supplies. Inventories are valued at cost determined by the first-in, first-out (FIFO) method.

**Assets Limited as to Use**

Assets limited as to use include assets designated by the Society (over which it retains control and may, at its discretion, subsequently use for other purposes) for funded depreciation and debt retirement funds, insurance fund reserves, development funds, endowment and annuity funds, assets held by trustees under bond and mortgage indenture agreements, and assets held under HUD regulatory agreements and other affordable housing agency agreements.

Interest earned on assets held by trustees under bond and mortgage indenture agreements is included in interest expense on the consolidated statements of operations.

**Property and Equipment**

Property and equipment with an original cost at or above five hundred dollars is recorded at cost for purchased assets or fair market value at date of receipt for donated assets. Depreciation of property is provided on the straight-line basis. Depreciation rates are based on the estimated useful lives of the assets and/or the rates allowed by the Medicare and Medicaid regulations applicable to each state.



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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment (Continued)**

The lives used are as follows:

<u>Property</u>	<u>Useful Lives</u>
Land Improvements	10 - 30 Years
Buildings	5 - 40 Years
Furniture and Equipment	3 - 20 Years
Vehicles	2 - 6 Years

Maintenance, repairs, and replacements which do not improve the assets or extend the assets' lives are expensed as incurred. Costs of additions and improvements are added to the land, land improvements, buildings, and furniture and equipment accounts.

Construction and development costs have been deferred until the projects have been completed. When the projects are completed, these costs will be capitalized and depreciated over the life of the projects. If the projects are cancelled, the construction and development costs are expensed during that period.

The Society reviews its property and equipment periodically to determine potential impairment. If determined that the carrying value exceeds the fair market value, an impairment loss is recognized.

**Interest Capitalization**

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets, and depreciated over the estimated useful lives by the straight-line method of depreciation.

**Notes Receivable and Other Assets**

Included in notes receivable and other assets are notes receivable, investments in perpetual trusts and investments in unconsolidated joint ventures.

The notes receivable are evaluated for collectibility on a periodic basis, and an allowance for doubtful accounts is established based upon management's estimate of potential bad debts.

The investment in perpetual trust is recorded at market value, and includes the Society's portion of beneficial interest in the perpetual trusts.

The Society reports its investments in unconsolidated joint ventures on the equity method of accounting which approximates the Society's equity in the underlying book value of the unconsolidated joint ventures.



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**NOTE 2     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Unamortized Financing Fees**

Costs incurred in connection with the issuance of long-term debt are capitalized and amortized over the historical outstanding term of the related indebtedness. Total finance fees were \$9,075 and \$7,932 for the years ended December 31, 2013 and 2012, respectively. Accumulated amortization at December 31, 2013 and 2012 was \$4,224 and \$3,353, respectively. Amortization expense for the years ended December 31, 2013 and 2012 was \$892 and \$874, respectively. During the year ended December 31, 2012, approximately \$1,489 in unamortized financing fees were written off. The costs that were not fully amortized of approximately \$631 were recorded in the consolidated statements of operations as part of the loss on extinguishment of debt for the year ended December 31, 2012.

**Housing Entry Fees**

The Society has housing entry fees for admittance into housing units at various locations. These contracts for housing entry fees vary by location, and typically have varying refundable portions up to 100% of these entry fees. The refundable portions of the housing entry fees are refundable based upon time restrictions and vacancy of the housing unit. The nonrefundable portion of the housing entry fees are recorded as deferred revenue and amortized into income over the life expectancy of the resident and fully recognized when the resident vacates its unit. The Society records a current portion of housing entrance fees that is expected to be refunded in the next year.

**Charitable Gift Annuities Payable**

The Society has established a gift annuity program whereby donors may contribute assets to the Society in exchange for the right to receive a fixed dollar annual return during their lifetime, averaging approximately 7.73% and 8.46% for 2013 and 2012, respectively. The difference between the amount provided for the gift annuity and the present value of the liability for future payments is recognized as a contribution at the date of the gift as specified by the donor. The Society uses published mortality rate tables adopted by the Social Security Administration.

The annuity liability is revalued annually based upon computed present values. Upon the death of a beneficiary, the related annuity is terminated and no further obligation exists to the deceased beneficiary's estate. The Society records the annuity liability at the present value of future payments using a discount rate of 5%. Total charitable gift annuities payable as of December 31, 2013 and 2012 were \$3,231 and \$4,480, respectively, and included in annuities and other liabilities in the consolidated balance sheets.

**Asset Retirement Obligations**

Asset retirement obligations represent obligations to dispose of assets that are legally required to be removed at a future date. They are recorded at the net present value using a risk-free interest rate and inflationary rate, and are included in annuities and other liabilities in the consolidated balance sheets.



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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounting for Conditional Asset Retirement Obligations**

The Society follows the *Accounting for Conditional Asset Retirement Obligations* accounting standard, which clarified when an entity is required to recognize a liability for a conditional asset retirement obligation. Management has considered this accounting standard, specifically as it related to its legal obligation to perform asset retirement activities, such as asbestos removal, on its existing properties. The asset retirement obligation was \$5,591 and \$5,172 at December 31, 2013 and 2012, respectively, and is included in annuities and other liabilities on the consolidated balance sheets.

**Housing and Services and Third Party Reimbursement Agreements**

Housing and services revenue includes rent, room charges and ancillary services to residents of the skilled and rehab service facilities, senior housing with service facilities, and home and community based services and is recorded at established billing rates net of contractual adjustments resulting from agreements with third-party payers, if applicable.

The services provided through third-party payers are primarily paid through the Medicaid and Medicare programs. The Medicaid programs are covered through the state departments of health and rates charged are in accordance with the rules established in those states. The Medicare program is administered by the United States Centers for Medicare and Medicaid Services (CMS). The Medicare program pays on a prospective payment system, a per diem price based system.

The approximate percentage of housing and services revenue provided from Medicaid and Medicare reimbursement programs for the years ended December 31, 2013 and 2012 was:

	2013	2012
Medicaid and Medicaid Managed Care	37.1 %	38.7 %
Medicare and Medicare Managed Care	23.6	23.0
Total	60.7 %	61.7 %

Revenue under third-party payer agreements is subject to audit and, in certain instances, retroactive adjustments. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated and final settlements are reported in operations in the year of settlement.

The approximate percentage of housing and services revenue by product line for the years ended December 31, 2013 and 2012 was:

	2013	2012
Rehabilitation/Skilled Nursing	79.7 %	80.5 %
Senior Housing with Services	16.8	16.3
Home and Community Based Services	3.5	3.2
Total	100.0 %	100.0 %



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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Housing and Services and Third Party Reimbursement Agreements (Continued)**

Skilled and rehab service facilities licensed for participation in the Medicare and Medicaid programs are subject to annual licensure renewal. If it is determined that a facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the Society.

**Donated Services**

Substantial amounts of services are donated by individuals to the Society each year. The income and expenses attributable to donated services are not reflected in the consolidated statements of operations. These services enhance the quality of care furnished to Society residents but do not represent services that would require additional Society staffing if the services were not provided on a volunteer basis.

**Excess of Revenue over Expense**

The consolidated statements of operations include a line entitled "excess of revenue over expense" which is the performance indicator for the Society. Changes in unrestricted net assets which are excluded from the performance indicator, consistent with industry practice, include grant proceeds for capital purposes, assets released from restriction for capital purposes, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets), permanent transfers of assets to and from affiliates for other than goods or services, and loss on discontinued operations.

**Disclosure of Cash Flow Information**

Noncash investing and financing activities are as follows:

	2013	2012
Noncash Property Gifts	\$ 1,087	\$ 191
Bond Escrow Funds for Advance Refunding:		
Used to Pay Off Long-Term Debt	3,249	3,236
Refinancing of Long-Term Debt	38,300	80,318
Construction in Progress Included in Accounts Payable	2,128	2,842
Cash Payment for Interest	25,024	24,024

**Restrictions on Assets of Affordable Housing Entities**

The affordable housing entities' operations are subject to the administrative directives, rules, and regulations of certain regulatory agencies, primarily the U.S. Department of Housing and Urban Development (HUD). Accordingly, the availability of these corporations' net assets is severely limited. No distributions can be paid out of the corporations and the assets cannot be diverted to another use.



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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

The Society follows the *Fair Value Measurements* accounting standard. The standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Society has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Additionally, from time to time, the Society may be required to record at fair value other assets on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets. Nonfinancial assets measured at fair value on a nonrecurring basis would include nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment test, other real estate owned, and other intangible assets measured at fair value for impairment assessment.

The Society also has the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Society has not elected to measure any existing financial instruments at fair value, however, may elect to measure newly acquired financial instruments at fair value in the future.



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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassification**

Amounts in the consolidated balance sheet as of December 31, 2012 and the related consolidated statement of operations, changes in net assets and cash flows for the year then ended have been reclassified to conform to the 2013 classification.

**Subsequent Events**

In preparing these consolidated financial statements, the Society has considered events and transactions that have occurred through April 25, 2014, the date the consolidated financial statements were issued.

**NOTE 3 INVESTMENTS**

The fair value of investments is based upon quoted market prices for those or similar investments. Investment portfolios consisted of the following at December 31, 2013 and 2012:

	2013		
	Obligated Group	Other	Total
Equities	\$ 153,545	\$ 3,847	\$ 157,392
U.S. Government Securities	134,821	17,363	152,184
Corporate Debt Securities	111,440	17,551	128,990
Commercial Paper	25,450	-	25,450
Money Market Funds	106,578	6,655	113,232
Total	<u>\$ 531,833</u>	<u>\$ 45,415</u>	<u>\$ 577,248</u>
Balance Sheet Classifications:			
Current Assets	\$ 347,225	\$ 31,838	\$ 379,063
Assets Limited as to Use (Note 6)	152,187	13,577	165,764
Other Assets	32,421	-	32,421
Total	<u>\$ 531,833</u>	<u>\$ 45,415</u>	<u>\$ 577,248</u>



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**NOTE 3 INVESTMENTS (CONTINUED)**

	2012		
	Obligated Group	Other	Total
Equities	\$ 143,478	\$ 4,332	\$ 147,810
U.S. Government Securities	125,425	21,741	147,166
Corporate Debt Securities	88,017	15,059	103,076
Commercial Paper	64,455	-	64,455
Money Market Funds	79,247	4,974	84,221
Total	<u>\$ 500,622</u>	<u>\$ 46,106</u>	<u>\$ 546,728</u>
Balance Sheet Classifications:			
Current Assets	\$ 241,567	\$ 38,925	\$ 280,492
Assets Limited as to Use (Note 6)	229,079	7,181	236,260
Other Assets	29,976	-	29,976
Total	<u>\$ 500,622</u>	<u>\$ 46,106</u>	<u>\$ 546,728</u>

Total unrealized gains on investments held at December 31, 2013 and 2012 were \$32,608 and \$15,855, respectively.

**NOTE 4 FAIR VALUE MEASUREMENTS**

The Society uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Society measures fair value refer to Note 2 – Summary of Significant Accounting Policies. The following tables present the fair value hierarchy for the balances of the assets and liabilities of the Society measured at fair value on a recurring basis as of December 31, 2013 and 2012:

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

	December 31,			
Assets:	2013	Level 1	Level 2	Level 3
Investments				
Equities	\$ 157,392	\$ 157,392	\$ -	\$ -
U.S. Government Securities	152,184	152,184	-	-
Corporate Debt Securities	128,990	-	128,990	-
Commercial Paper	25,450	-	25,450	-
Securities Lending Collateral	46,287	-	46,287	-
Perpetual Trust	4,503	-	-	4,503
Total	<u>\$ 514,806</u>	<u>\$ 309,576</u>	<u>\$ 200,727</u>	<u>\$ 4,503</u>



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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis (Continued)**

Assets:	December 31, 2012	Level 1	Level 2	Level 3
Investments				
Equities	\$ 147,810	\$ 147,810	\$ -	\$ -
U.S. Government Securities	147,166	147,166	-	-
Corporate Debt Securities	103,076	-	103,076	-
Commercial Paper	64,455	-	64,455	-
Securities Lending Collateral	22,962	-	22,962	-
Perpetual Trust	4,280	-	-	4,280
Total	<u>\$ 489,749</u>	<u>\$ 294,976</u>	<u>\$ 190,493</u>	<u>\$ 4,280</u>

The following tables provide a summary of changes to fair value of the Society's Level 3 financial assets and liabilities for the years ended December 31, 2013 and 2012.

	Perpetual Trust
Beginning Balance - January 1, 2013	\$ 4,280
Total Gains or Losses (Realized or Unrealized) for the Year Included in:	
Interest and Dividend Income	91
Unrealized Gains	61
Purchases, Sales, Issuances and Settlements, Net	71
Ending Balance - December 31, 2013	<u>\$ 4,503</u>

	Perpetual Trust
Beginning Balance - January 1, 2012	\$ 4,088
Total Gains or Losses (Realized or Unrealized) for the Year Included in:	
Interest and Dividend Income	97
Unrealized Gains	117
Purchases, Sales, Issuances and Settlements, Net	(22)
Ending Balance - December 31, 2012	<u>\$ 4,280</u>



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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Assets and Liabilities Recorded at Fair Value on a Recurring Basis (Continued)**

Gains and losses related to the Society's Level 3 financial assets and liabilities included in change in net assets are recorded on the consolidated statements of changes in net assets as increase in beneficial interest in perpetual trust for the years ended December 31, 2013 and 2012:

Trading securities, securities lending collateral, and bond indenture funds (securities) are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Securities valued using Level 2 inputs include private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Securities valued using Level 3 include a Perpetual Trust which is valued on the fair value of the assets of the trust. The significant unobservable input used in the fair value measurement of the Society's beneficial interest in perpetual trust is their allocated portion of the underlying trust assets. Significant changes in this input could result in a significant change to the fair value measurement.

The following tables present the fair value hierarchy for the balances of the assets of the Society measured at fair value on a non-recurring basis as of December 31, 2013 and 2012:

**Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis**

	December 31,			
Assets	2013	Level 1	Level 2	Level 3
Property and Equipment	\$ 44,840	\$ -	\$ -	\$ 44,840
Assets	December 31,			
	2012	Level 1	Level 2	Level 3
Property and Equipment	\$ 38,530	\$ -	\$ -	\$ 38,530

In accordance with the provisions of the Impairment or Disposal of Long-Lived Assets accounting standard, long-lived assets held and used with carrying values of \$56,890 and \$47,530 were written down to their fair value of \$44,840 and \$38,530 at December 31, 2013 and 2012, respectively, resulting in impairment charges of \$12,050 and \$9,000, being included in operations for the years ended December 31, 2013 and 2012, respectively.



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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis (Continued)**

The Society considers the need for impairment on its facilities annually. Potentially impaired facilities are identified by those with negative cash flow from operations. Facilities identified with negative cash flow from operations are then reviewed further by management to determine if the negative cash flows can be improved. If management determines the operations cannot be improved and impairment is necessary the amount of impairment to be recorded is determined. Using the facilities income available for debt service divided by an industry average capitalization rate, the estimated fair market value of the facility is determined which is then compared to the net book value. The difference between the estimated fair market value and the net book value is based on a number of different factors to determine the estimated impairment.

**Fair Market Value of Financial Instruments**

The accounting standard *Disclosures about Fair Value of Financial Instruments*, requires the disclosure of the estimated fair value of financial instruments including those financial instruments for which the Society did not elect the fair value option. The fair values of such instruments have been derived, in part, by management's assumptions, the estimated amount and timing of future cash flows, and estimated discount rates. Different assumptions could significantly affect these estimated fair values. Accordingly, the net realizable value could be materially different from the estimates presented below. In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the Society.

The following disclosures represent financial instruments in which the ending balances at December 31, 2013 and 2012, are not carried at fair value in their entirety on the consolidated balance sheet.

	December 31, 2013		December 31, 2012	
	Cost	Fair Value	Cost	Fair Value
Long-Term Debt	<u>\$ 636,406</u>	<u>\$ 629,901</u>	<u>\$ 602,204</u>	<u>\$ 610,006</u>

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value:

**Long-Term Debt**

The fair value of long-term debt is calculated based on the estimated trade values as of December 31, 2013 and 2012. The value is estimated using the rates currently offered for like debt instruments with similar remaining maturities. Based upon these inputs, the fair market value of long-term debt would be classified as a level three liability.

**All Other**

The carrying value is a reasonable estimate of the fair value for all other financial instruments due to the short-term nature of those financial instruments.



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**NOTE 5 PROPERTY AND EQUIPMENT**

The Society has evaluated the recoverability of its investment in property at various facilities experiencing losses and, accordingly, has reduced the carrying value of certain facilities' property to estimated fair market value. Reductions in the carrying value of property of \$12,050 and \$9,000 were recorded during 2013 and 2012, respectively, and are included in loss on disposal and impairment of property in the accompanying consolidated statements of operations.

Construction and development in progress at December 31, 2013 and 2012 of \$81,758 and \$95,827, respectively, consists of numerous projects throughout the Society including the construction and renovation of a number of facilities. The total estimated cost to complete these projects at December 31, 2013 is approximately \$56,925 and is expected to be funded through a combination of long-term debt borrowings, investments, contributions, and housing entrance fee receipts.

Interest costs of \$1,482 and \$1,115 have been capitalized into property costs for the years ended December 31, 2013 and 2012, respectively.

**NOTE 6 ASSETS LIMITED AS TO USE**

Assets limited as to use are recorded at fair value and invested in the following at December 31, 2013 and 2012:

<u>Obligated Group</u>	<u>2013</u>	<u>2012</u>
<b><u>Bond Reserve Funds</u></b> - Provide a reserve for payment of principal and interest on the bonds in the event the Society's bond funds are insufficient to meet debt service requirements.	\$ 40,184	\$ 33,904
<b><u>Bond Funds</u></b> - Established for the Society to deposit monthly amounts necessary to pay principal and interest on the bonds.	585	426
<b><u>Project Funds</u></b> - Established for the Society to fund various projects financed by bond issuances.	9,623	5,257
<b><u>Escrow Accounts</u></b> - Escrow accounts have been established from the proceeds of bond issuances for the advance refunding of indebtedness of the Society.	57,403	60,653
<b><u>Funds Held Under Affordable Housing Regulatory Agreements</u></b> - Various escrow and reserve funds have been established under the regulatory agreements with HUD and other affordable housing agencies. The funds accumulate in accordance with the agreements for payment of real estate taxes, insurance and building and equipment repairs and replacements.	269	286
<b><u>Workers' Compensation Reserve</u></b> - Funds required to be designated for workers' compensation by an insurance carrier and by the State of Minnesota.	606	1,079
Total Restricted Investments	108,670	101,605



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**NOTE 6 ASSETS LIMITED AS TO USE (CONTINUED)**

<u>Obligated Group</u>	<u>2013</u>	<u>2012</u>
<b><u>Management Designated - Endowment and Annuity</u></b> - Funds have been established for endowments and annuities received by the Society.	32,172	25,034
<b><u>Management Designated - Funded Depreciation, Debt Retirement, Insurance Reserves, and Development</u></b> - Funds established by the Society for the replacement of equipment, retirement of debt, to fund future insurance costs, and to fund future advancement of the Society.	11,345	102,440
Total Management Designated	43,517	127,474
Total Obligated Group	152,187	229,079
<b><u>Other</u></b>		
Funds Held Under Affordable Housing Regulatory Agreements	6,363	4,776
Workers' Compensation Reserve	292	197
Management Designated Funded Depreciation and Debt Retirement Funds	6,922	2,208
Total Other	13,577	7,181
Total Assets Limited as to Use	165,764	236,260
Less: Current Portion	57,403	-
Noncurrent Portion of Assets Limited as to Use	<u>\$ 108,361</u>	<u>\$ 236,260</u>

During 2013, consolidated cash management was implemented for Society-owned centers. As a result there was some realignment of cash to match the specific obligations for the management designated accounts such as funded depreciation, debt retirement, and other funded accounts. Each of these accounts were adjusted to better match the true obligation on a location by location basis. As a result the Debt Retirement funding was right sized which resulted in approximately \$4,000 being transferred to current assets at December 31, 2013. A decision was made to not fund Depreciation, except for the North Dakota centers, due to cost report requirements; this decision resulted in approximately \$71,000 being transferred to current assets for the year ended December 31, 2013. In addition, the obligations were met for the Insurance Reserve and Development funds which resulted in approximately \$16,000 being transferred to current assets during the year ended December 31, 2013.



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**NOTE 7 DISCONTINUED OPERATIONS**

The Society has identified several of its facilities that meet the criteria of discontinued operations at December 31, 2013 and 2012. In accordance with the accounting standard *Accounting For the Impairment or Disposal of Long-Lived Assets*, the operating activity for these facilities are presented as discontinued operations in the consolidated statements of operations.

The amounts included in discontinued operations at December 31, 2013 and 2012 consist of:

	2013		
	Obligated Group	Other	Total
Total Operating Revenues	\$ 7,414	\$ -	\$ 7,414
Total Operating Expenses	(9,768)	-	(9,768)
Interest Income	23	-	23
Realized Gain on Investments	66	-	66
Unrealized Gain on Investments	56	-	56
Assets released from Restrictions for Capital Purposes	53	-	53
Loss from Operations of Discontinued Divisions	(2,156)	-	(2,156)
Loss on Disposal of Property	(2,563)	-	(2,563)
Loss from Discontinued Operations	<u>\$ (4,719)</u>	<u>\$ -</u>	<u>\$ (4,719)</u>

	2012		
	Obligated Group	Other	Total
Total Operating Revenues	\$ 14,887	\$ -	\$ 14,887
Total Operating Expenses	(17,383)	-	(17,383)
Interest Income	27	-	27
Realized Gain on Investments	33	-	33
Unrealized Loss on Investments	63	-	63
Other Loss	(6)	-	(6)
Assets released from Restrictions for Capital Purposes	84	-	84
Loss from Operations of Discontinued Divisions	(2,295)	-	(2,295)
Loss on Disposal of Property	(1,134)	-	(1,134)
Loss from Discontinued Operations	<u>\$ (3,429)</u>	<u>\$ -</u>	<u>\$ (3,429)</u>

Loss from Discontinued Operations shown as temporarily restricted in the consolidated statements of changes in net assets reflect contributions received or net assets released from restrictions related to the facilities which are considered discontinued. The Society continues to evaluate facilities related to the potential for sales or closures.



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**NOTE 8 INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES**

The Society is a 50% equity member in two and three unconsolidated joint ventures providing services to the elderly as of December 31, 2013 and 2012, respectively. The Society's investment in these joint ventures is accounted for under the equity method of accounting. The joint ventures' financial statements are not included in the accompanying consolidated financial statements, as the Society does not have control over financial decisions. The investment in these unconsolidated joint ventures, as well as amounts due from the unconsolidated joint ventures is included in notes receivable and other assets and is as follows:

	2013	2012
Investment in Unconsolidated Joint Ventures	\$ 6,475	\$ 6,792
Notes Receivable from Unconsolidated Joint Ventures	3,428	3,587

**NOTE 9 LONG-TERM DEBT**

Long-term debt at December 31, 2013 and 2012 consists of the following:

<u>Description</u>		2013	2012
Obligated Group Secured Debt:			
Mortgages and Other Secured Notes and Bonds (1)	\$	1,980	\$ 2,224
Pledged Revenue Notes and Bonds (2)		544,343	503,776
Demand and Mandatory Tender Bonds (3)		69,400	74,730
Total Obligated Group Secured Debt		615,723	580,730
Obligated Group Unsecured Notes and Bonds (4)		712	1,245
Total Obligated Group Debt		616,435	581,975
Other Secured Debt (5)		19,971	20,229
Total Debt		636,406	602,204
Current Maturities		(69,109)	(18,145)
Premium on Bonds Payable		5,127	7,388
Total Long-Term Debt		\$ 572,424	\$ 591,447

- (1) For the years ended December 31, 2013 and 2012, mortgages and other secured notes totaling \$1,980 and \$2,224, respectively, bear interest varying from 2.0% - 9.0%, mature from 2014 through 2032 and require monthly principal and interest payments. Mortgage notes are secured by mortgages on Society property.



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**NOTE 9 LONG-TERM DEBT (CONTINUED)**

- (2) As of December 31, 2013 and 2012, pledged revenue notes and bonds totaling \$515,405 and \$458,740, respectively, bear interest varying from 2.35% - 6.125%, mature from 2034 through 2043, and require annual principal and semi-annual interest payments. Pledged notes aggregating \$28,938 and \$45,036 at December 31, 2013 and 2012, respectively, are subject to variable (floating) interest rates and mature from 2015 through 2016. Variable interest rate indebtedness, as described above, bears interest determined by various indices such as LIBOR and U.S. Treasury bill rates plus certain margins. Included in pledged bonds is a construction line of credit through US Bank. This line of credit has a maximum borrowing limit of \$85,000 and matures in January 2015. The line of credit will be reduced to \$40,000 on the earlier of January 15, 2015 or when a new bond closing occurs to replace the existing line of credit.

In May 2012, the Society refinanced a number of long-term debt issuances with the Series 2012 revenue bonds in the amount of \$169,955. As a result of the refinancing, approximately \$2,605 was recognized as part of the loss on extinguishment of debt recorded in the consolidated statement of operations. Pledged bonds include \$55,775 of defeased bond issues at December 31, 2013 and 2012. The defeased bond issuance will be redeemed in June 2014. Escrow funds totaling \$57,403 and \$60,653 for the payment of principal and interest on the defeased bonds are included in assets limited as to use as of December 31, 2013 and 2012, respectively (see Note 6). Pledged revenue notes and bonds are secured by a pledge of gross revenues and a security interest in any fund or account in which gross revenues are deposited subsequent to a default.

- (3) The Society has variable rate demand revenue bonds totaling \$44,200 and \$49,530 as of December 31, 2013 and 2012, respectively. By definition, a variable rate demand bond is a long-term tax-exempt bond the interest of which is indexed to a current short-term market rate and rate resets. The bonds are set to be retired in lump sum payments from 2014 through 2039. These bonds are secured by irrevocable letters of credit for the face amount of the bonds. The Society has a liability to repay the amount drawn on the letters of credit upon repayment terms in the reimbursement agreement. The repayment terms from draws against irrevocable letters of credit require repayment to be made in eight equal installments commencing on the first quarterly date occurring on or after the 367<sup>th</sup> day following a draw.

The Society may remarket bonds purchased under this demand provision. Additionally, the Society has the option to convert these bonds into fixed rate, long-term bonds at various times. These letters of credit are currently scheduled to expire from 2015 through 2018. Upon expiration, the Society intends to enter into new letters of credit at those dates.

Revenue bonds totaling \$25,200 at December 31, 2013 and 2012, bear a fixed rate of 5.00% until December 1, 2014, at which time the bonds will be subject to mandatory tender. Thereafter, the bonds may be remarketed using an interest rate period elected by the Society. The bonds will be subject to mandatory tender at the end of each interest rate period. These bonds are secured by a pledge of future revenues.



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**NOTE 9 LONG-TERM DEBT (CONTINUED)**

- (4) Included in the Obligated Group unsecured notes and bonds at December 31, 2013 and 2012 is a 0.0% contingent note payable of \$-0- and \$445, respectively, that is payable upon contingent terms in the agreement, and 2.0% to 5.7% unsecured notes payable and special assessments of \$712 and \$800 at December 31, 2013 and 2012, respectively, that mature from 2014 through 2039, and generally require monthly principal and interest payments.
- (5) At December 31, 2013 and 2012, other secured debt consists of mortgages financed or insured by the U.S. Department of Housing and Urban Development of \$19,971 and \$20,229, respectively, with interest rates ranging from 7.625% to 9.25% that mature from 2021 to 2031.

Under the terms of the various financing agreements, the Society has agreed to certain debt covenant restrictions. The Society is required to meet certain financial and operating covenants including the achievement of certain minimum income levels to satisfy debt service, and days cash on hand level.

Interest expense is presented net of interest income earned on bond reserve funds of \$518 in 2013 and \$513 in 2012. The average interest rate on the Society's debt based on an annualized average debt balance was approximately 3.6% and 4.2% for 2013 and 2012, respectively.

The long-term debt principal repayment summary is shown below.

<u>Year</u>	<u>Obligated Group Debt</u>	<u>Other Secured Debt</u>	<u>Total Debt</u>
2014	\$ 66,761	\$ 2,348	\$ 69,109
2015	50,947	729	51,676
2016	34,075	781	34,856
2017	8,031	839	8,870
2018	8,382	902	9,284
Thereafter	448,239	14,372	462,611
Total	<u>\$ 616,435</u>	<u>\$ 19,971</u>	<u>\$ 636,406</u>

Required principal payments of \$69,109 in 2014 above include \$55,775 of defeased bond issuances. Required principal payments of \$51,676 in 2015 above include \$19,702 in draws upon the Society's line of credit to finance construction projects in progress. The Society intends to refinance the line of credit with permanent financing prior to payment being required. The defeased bond issuances will be paid with funds held in escrow at December 31, 2013.



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**NOTE 10 CLASSIFICATION OF NET ASSETS**

Temporarily restricted net assets are available for the following purposes at December 31, 2013 and 2012:

<u>Obligated Group</u>	2013	2012
Capital Projects and Renovations	\$ 15,744	\$ 10,806
Resident Care and Other Services	6,642	7,565
Total Obligated Group	22,386	18,371
<u>Other</u>		
Capital Advance Notes	37,329	36,221
Grant Proceeds	450	882
Total Other	37,779	37,103
Total Temporarily Restricted Net Assets	\$ 60,165	\$ 55,474

Permanently restricted net assets are available for the following purposes at December 31, 2013 and 2012:

	2013	2012
Endowments	\$ 14,207	\$ 13,100
Perpetual Trust	4,503	4,280
Total Permanently Restricted Net Assets	\$ 18,711	\$ 17,380

**Endowments**

The Society's endowments consist of numerous individual funds established for a variety of purposes. Its endowment includes both donor restricted endowment funds and funds designated by the board of directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

**Perpetual Trusts**

Notes receivable and other assets include the Society's beneficial interest in perpetual trusts of \$4,503 and \$4,280 as of December 31, 2013 and 2012, respectively. Donors have established these perpetual trusts, for which the Society is not the trustee, naming the Society as a beneficiary. The current market value of the original trusts are shown as permanently restricted as they are not available for distribution. Investment income earned on the trust funds is recorded as temporarily restricted for capital improvements.



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**NOTE 10 CLASSIFICATION OF NET ASSETS (CONTINUED)**

**Interpretation of Relevant Law**

The Society has complied with the State Prudent Management of Institutional Funds Act (the Act). The Society has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Society classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed in the Act.

In accordance with the Act, the Society considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Society and the donor- restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Society
- The investment policy of the Society

The following table shows the changes in endowment net assets for the year ended December 31, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ 2,217	\$ 2,725	\$ 13,100	\$ 18,042
Investment Return:				
Investment Income	37	135	-	172
Net Appreciation (Realized and Unrealized)	210	677	-	887
Contributions	-	-	1,107	1,107
Transfer from Other Funds	51	-	-	51
Net Assets Appropriated for Expenditure	(132)	124	-	(8)
Endowment Net Assets, End of Year	<u>\$ 2,383</u>	<u>\$ 3,661</u>	<u>\$ 14,207</u>	<u>\$ 20,251</u>



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**NOTE 10 CLASSIFICATION OF NET ASSETS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

The following table shows the changes in endowment net assets for the year ended December 31, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 2,196	\$ 1,738	\$ 12,483	\$ 16,417
Investment Return:				
Investment Income	17	89	-	106
Net Depreciation (Realized and Unrealized)	295	629	-	924
Contributions	-	-	611	611
Net Assets Appropriated for Expenditure	(291)	269	-	(22)
Endowment Net Assets, End of Year	<u>\$ 2,217</u>	<u>\$ 2,725</u>	<u>\$ 13,100</u>	<u>\$ 18,036</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Society to retain as a fund of perpetual duration. There were no deficiencies of this nature that are reported in unrestricted net assets as of December 31, 2013 and 2012.

**Return Objectives and Risk Parameters**

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standard to minimize the risk of large losses.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that meets the Society's long-term rate-of-return objectives while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.



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**NOTE 10 CLASSIFICATION OF NET ASSETS (CONTINUED)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Society's spending policy provides that no distributions are to be made during any year in which the fair market value of the investments is below the amount originally restricted. If the fair market value of the investments is not below the amount originally restricted, the Society's spending policy is to appropriate for distribution each year 4% to 6% of its endowment fund's twelve quarter weighted average fair value on December 31st of the fiscal year prior to the year in which the distribution is planned. In establishing this policy, the Society considered the long-term expected return on its endowment.

**NOTE 11 RETIREMENT PLANS**

The Society provides a non-contributory pension plan covering all eligible employees. The plan is administered by the Portico Benefit Services, and provides that the Society shall contribute 3.25% of each eligible employee's salary/wage to the plan. The eligible provisions for the plan require three years of employment, 1,000 hours of service each year and employment on December 31 of each calendar year unless the employee retired during the year.

The Society also provides a non-contributory pension plan covering administrators, executive directors, executive managers and other executive-level/key personnel. The plan is administered by Portico Benefit Services and provides that the Society shall contribute 3.75% of the covered employee's salary or wages, named earlier in this paragraph, to the plan.

A 457(b) plan was created during the year ending December 31, 2007 (the Plan). Section 457(b) of the Internal Revenue Code allows certain tax-exempt employers, including those participating in the ELCA Master Institutional Retirement Plan or ELCA Retirement Plan for the ELCA (ELCA 403(b) retirement plans) to sponsor non-qualified deferred compensation plans. The highly compensated employees (as defined by the IRS) participate in this plan and are a part of the Plan.

The Society contributed approximately \$8,871 and \$8,879 to these plans during the years ended December 31, 2013 and 2012, respectively.

No prior service costs or unfunded vested benefits exist under these plans. The Society's policy is to fund pension costs as accrued.



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 12 FUNCTIONAL EXPENSES**

Functional classification of expenses for the years ended December 31, 2013 and 2012 consisted of the following:

	2013	2012
Program	\$ 797,982	\$ 786,407
Management and General	179,021	159,644
Fundraising	4,609	4,377
Total Expenses	<u>\$ 981,612</u>	<u>\$ 950,428</u>

**NOTE 13 COMMITMENTS AND CONTINGENCIES****Guarantees**

The Society guaranteed certain debt obligations of an unconsolidated joint venture totaling \$1,593 as of December 31, 2012. During the year ended December 31, 2013 the joint venture was sold.

**Insurance**

The Society self-funds employee health benefits at a majority of its facilities. The Society contracts separately to insure for excessive or unexpected claims through a stop-loss insurance policy that pays claims in excess of \$1,000 per person per year. Claims in excess of these amounts will be funded by the insurance carrier. Property insurance coverage is purchased from third-party insurance carriers on a guaranteed cost basis with a deductible of \$100 per claim. The property insurance deductible was increased to \$500 per claim for wind and hail damage and decreased to \$10 per claim for affordable housing property insurance beginning in 2012. The Society funds insurance deductibles and self-insurance retentions from claims related to employee injuries through its wholly owned captive insurance subsidiary, Good Samaritan Society Insurance, Ltd. The deductibles and self insured retentions for employee injuries is \$500 per claim. Purchased excess insurance policies pay claims in excess of the deductibles and retentions. The Society also funds its auto liability deductible and general liability and professional liability self-insured retentions through Good Samaritan Society Insurance, Ltd. Purchased umbrella liability insurance policies in the aggregate amount of \$35,000 provides coverage for claims in excess of \$1,000 for auto and general liability and \$3,000 for professional liability. The umbrella liability policy limit was increased from \$25,000 beginning in 2012.

For the years ended December 31, 2013 and 2012, the Society incurred insurance expenses as follows:

	2013	2012
Employee Health Benefits	\$ 41,750	\$ 38,066
Workers' Compensation	11,158	11,624
General Insurance	23,116	20,040
Total	<u>\$ 76,024</u>	<u>\$ 69,730</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**  
**(DOLLAR AMOUNTS IN THOUSANDS)**

**NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Insurance (Continued)**

The Society's provision for outstanding losses, although supported by actuarial projections and other data, is ultimately based on management's expectations of future events. It is possible that these estimates could change as more detailed information concerning the losses is received and the effect of such changes could be material to the financial statements.

The Society has established reserves for these self-insured policies for claims incurred but not reported based on historical claims experience, and actuarial calculations. These reserves at December 31, 2013 and 2012 were as follows:

	2013	2012
Employee Health Benefits	\$ 5,055	\$ 4,708
Workers' Compensation	25,315	23,959
General Insurance	6,705	6,427
Total	<u>\$ 37,075</u>	<u>\$ 35,094</u>

**Capital Advance Notes**

Capital advance notes from the U.S. Department of Housing and Urban Development and certain other forgivable notes aggregate \$37,329 and \$36,221 as of December 31, 2013 and 2012, respectively. The notes bear no interest and repayment is not required as long as the applicable affordable housing projects remain available for very low-income elderly persons for a stated period (principally 40 years). These notes have been accounted for as temporarily restricted contributions.

**Health Care**

The health care industry is subject to numerous laws and regulations by federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for resident services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management is not aware of any violations of these laws and regulations that would have a material effect on the Society.



THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(DOLLAR AMOUNTS IN THOUSANDS)

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

**General and Professional Liability**

General and professional liability claims have been asserted against the Society by certain claimants. The claims are in various stages of processing and some may ultimately be brought to trial. In the opinion of management, the outcome of these actions will not have a material effect on the financial position or the results of operations of the Society. Incidents occurring through December 31, 2013 may result in the assertion of additional claims. Other claims may be asserted arising from services provided to residents in the past. Management believes that these claims, if asserted, would be settled at amounts which would not result in additional losses to the Society.

**Technology Commitment**

The Society entered into an agreement with an organization, whose board includes an officer of the Society, to lease technology over the next two years estimated to cost approximately \$8,235.





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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors  
The Evangelical Lutheran Good Samaritan Society  
and Affiliates  
Sioux Falls, South Dakota

We have audited the consolidated financial statements of The Evangelical Lutheran Good Samaritan Society and Affiliates as of and for the years ended December 31, 2013 and 2012, and our report thereon dated April 25, 2014, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The 2013 and 2012 financial statements of Good Samaritan Society Insurance, Ltd. LLC were audited by other auditors whose reports thereon were unmodified. The Affordable Housing Entities consist of numerous entities and divisions. In 2013, 99.59% of those total assets and 94.19% of total revenues were audited by other auditors whose reports were unmodified. In 2012, 97.65% of those total assets and 92.96% of total revenues were audited by other auditors whose reports were unmodified.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
April 25, 2014



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATED DEPARTMENTAL SUMMARY OF OPERATING EXPENSES**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	2013				
	Salaries and Wages	Payroll Taxes and Employee Benefits	Cost of Food and Supplies	Maintenance and Repairs	Insurance
Housing and Services:					
Resident Services	\$ 258,904	\$ 24,378	\$ 31,053	\$ 214	\$ -
Rehabilitation	2,218	212	936	10	-
Social Services and Activities	21,370	2,050	935	12	-
Laundry	7,403	744	1,933	151	-
Housekeeping	14,709	1,465	3,246	38	-
Dietary	43,297	4,168	41,437	414	-
Other Services	26,777	2,468	960	1	-
Operations and Maintenance	17,206	1,569	3,273	13,497	-
Property and Other	-	-	-	-	-
Administrative	84,159	11,071	4,487	4,333	-
Employee Health Benefits	-	41,750	-	-	-
Resource Development	2,911	301	55	-	-
General Insurance	-	-	-	-	23,116
Interest	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Year Ended December 31, 2013	<u>\$ 478,954</u>	<u>\$ 90,176</u>	<u>\$ 88,315</u>	<u>\$ 18,670</u>	<u>\$ 23,116</u>
Total Year Ended December 31, 2012	<u>\$ 474,464</u>	<u>\$ 85,855</u>	<u>\$ 90,021</u>	<u>\$ 17,330</u>	<u>\$ 20,040</u>



					2012
Utilities and Telephone	Contract Services	Other Expenses	Interest and Depreciation	Total	Total
\$ -	\$ 7,118	\$ 23,666	\$ -	\$ 345,333	\$ 347,253
-	50,237	146	-	53,759	50,934
-	349	1,487	-	26,203	26,194
-	643	13	-	10,887	11,251
-	300	35	-	19,793	20,450
-	5,201	(11)	-	94,506	94,277
-	979	1,889	-	33,074	31,358
29,023	1,979	9,517	-	76,064	73,864
-	-	4,000	-	4,000	3,365
3,784	7,176	43,876	-	158,886	141,630
-	-	-	-	41,750	38,066
6	228	472	-	3,973	3,804
-	-	-	-	23,116	20,040
-	-	-	21,765	21,765	22,085
-	-	-	68,503	68,503	65,857
<u>\$ 32,813</u>	<u>\$ 74,210</u>	<u>\$ 85,090</u>	<u>\$ 90,268</u>	<u>\$ 981,612</u>	<u>\$ 950,428</u>
<u>\$ 30,831</u>	<u>\$ 69,545</u>	<u>\$ 74,395</u>	<u>\$ 87,947</u>		<u>\$ 950,428</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATED SUMMARY OF RESOURCE DEVELOPMENT ACTIVITY**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	<u>2013</u>	<u>2012</u>
<b>RESOURCE DEVELOPMENT REVENUE</b>		
Unrestricted Gifts	\$ 4,785	\$ 4,986
Temporarily Restricted Gifts for Charity Care and Operating Expenses	4,103	4,582
Temporarily Restricted Gifts for Property Replacement and Expansion	11,296	8,713
Permanently Restricted Gifts:		
Beneficial Interest in Perpetual Trusts	223	192
Other	1,108	618
Total Resource Development Revenue	<u>21,515</u>	<u>19,091</u>
 <b>RESOURCE DEVELOPMENT EXPENSE</b>	 <u>3,973</u>	 <u>3,804</u>
 <b>EXCESS OF RESOURCE DEVELOPMENT REVENUES OVER EXPENSES</b>	 <u>\$ 17,542</u>	 <u>\$ 15,287</u>
 <b>ADDITIONAL INFORMATION</b>		
Noncash Property Gifts included in Resource Development Revenue	<u>\$ 1,087</u>	<u>\$ 191</u>
 Annuities Issued:		
Liabilities Recognized	\$ 92	\$ 167
Gift Income included in Unrestricted Gifts	48	34
Gift Income included in Temporarily Restricted Gifts	20	50
Gift Income included in Permanently Restricted Gifts	30	101
Total Assets Received in Exchange for Annuities Issued	<u>\$ 190</u>	<u>\$ 352</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2013**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 18,582	\$ 3,932	\$ 1,015
Investments	347,225	31,838	-
Accounts Receivable, Net	84,286	206	62
Notes and Other Current Receivables	1,836	248	-
Current Portion of Assets Limited as to Use	57,403	-	-
Inventory	5,788	-	-
Prepaid Expenses	2,115	10	101
Securities Lending - Collateral Held for Loaned Securities	39,262	7,025	-
Total Current Assets	556,497	43,259	1,178
<b>ASSETS LIMITED AS TO USE</b>			
Investments	56,043	292	6,363
Securities Lending - Investments Loaned to Broker	38,741	6,922	-
Total Assets Limited as to Use, Less Current Portion	94,784	7,214	6,363
<b>PROPERTY AND EQUIPMENT</b>			
Land and Land Improvements	151,534	-	6,207
Buildings and Improvements	1,350,600	-	72,728
Furniture and Equipment	253,341	-	2,887
Vehicles	17,862	-	40
Total	1,773,337	-	81,862
Less: Accumulated Depreciation	(934,241)	-	(25,891)
Subtotal	839,096	-	55,971
Construction and Development	81,758	-	-
Total Property and Equipment	920,854	-	55,971
<b>OTHER ASSETS</b>			
Investments	32,421	-	-
Notes Receivable and Other Assets	38,099	-	186
Unamortized Finance Fees	4,199	-	652
Total Other Assets	74,719	-	838
Total Assets	\$ 1,646,854	\$ 50,473	\$ 64,350



Consolidating Elimination Entries	Consolidated Total
\$ -	\$ 23,529
-	379,063
(16)	84,538
-	2,084
-	57,403
-	5,788
-	2,226
-	46,287
(16)	600,918
-	62,698
-	45,663
-	108,361
-	157,741
(1,602)	1,421,726
-	256,228
-	17,902
(1,602)	1,853,597
-	(960,132)
(1,602)	893,465
-	81,758
(1,602)	975,223
-	32,421
(19,576)	18,709
-	4,851
(19,576)	55,981
\$ (21,194)	\$ 1,740,483



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2013**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Current Maturities of Long-Term Debt	\$ 66,761	\$ -	\$ 2,348
Resident Funds and Prepaid Rents	9,953	-	-
Accounts Payable	27,924	1,236	3,908
Accrued Expenses:			
Salaries and Wages	16,209	-	98
Vacation	27,018	-	-
Employee Benefits and Payroll Taxes	10,093	-	-
Insurance	8,716	28,359	-
Interest	2,818	-	93
Current Portion of Housing Entry Fees	8,687	-	-
Securities Lending - Payable Under Investment Loan Agreement	39,741	7,094	-
Other Current Liabilities	7,602	-	2,829
Total Current Liabilities	<u>225,522</u>	<u>36,689</u>	<u>9,276</u>
<b>LONG-TERM DEBT, Less Current Maturities</b>	554,801	-	17,972
<b>OTHER LIABILITIES</b>			
Non-Refundable Housing Entry Fees	17,621	-	-
Refundable Housing Entry Fees	80,993	-	-
Annuities and Other Liabilities	8,822	-	520
Total Other Liabilities	<u>107,436</u>	<u>-</u>	<u>520</u>
<b>Total Liabilities</b>	<b>887,759</b>	<b>36,689</b>	<b>27,768</b>
<b>NET ASSETS</b>			
Unrestricted:			
Unrestricted	717,998	13,784	(12,732)
Non-Controlling Interest	-	-	11,535
Total Unrestricted	<u>717,998</u>	<u>13,784</u>	<u>(1,197)</u>
Temporarily Restricted	22,386	-	37,779
Permanently Restricted	18,711	-	-
Total Net Assets	<u>759,095</u>	<u>13,784</u>	<u>36,582</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>1,646,854</u></b>	<b>\$ <u>50,473</u></b>	<b>\$ <u>64,350</u></b>



<u>Consolidating Elimination Entries</u>	<u>Consolidated Total</u>
\$ -	\$ 69,109
-	9,953
(3,095)	29,973
-	16,307
-	27,018
-	10,093
-	37,075
(199)	2,712
-	8,687
-	46,835
(2,163)	8,268
<u>(5,457)</u>	<u>266,030</u>
(349)	572,424
-	17,621
-	80,993
-	9,342
<u>-</u>	<u>107,956</u>
(5,806)	946,410
(15,388)	703,662
-	11,535
<u>(15,388)</u>	<u>715,197</u>
-	60,165
-	18,711
<u>(15,388)</u>	<u>794,073</u>
<u>\$ (21,194)</u>	<u>\$ 1,740,483</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2013**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>OPERATING REVENUE</b>			
Housing and Services	\$ 923,969	\$ -	\$ 8,843
Resource Development	4,785	-	-
Net Assets Released from Restrictions for Operating Purposes	5,108	-	-
Underwriting Income	-	12,534	-
Other Revenue	30,314	-	987
Total Operating Revenue	964,176	12,534	9,830
<b>OPERATING EXPENSE</b>			
Housing and Services	660,465	-	3,154
Administrative	156,552	-	3,253
Employee Health Benefits	41,505	-	245
Resource Development	3,973	-	-
General Insurance	22,616	16,457	500
Interest	20,403	-	1,362
Depreciation	66,179	-	2,324
Total Operating Expense	971,693	16,457	10,838
<b>OPERATING LOSS</b>	(7,517)	(3,923)	(1,008)
<b>NONOPERATING GAINS (LOSSES) AND OTHER SUPPORT</b>			
Interest Income	7,361	1,094	4
Realized Gain on Investments	13,149	1,106	-
Unrealized Gain (Loss) on Investments	7,889	(1,677)	-
Loss on Disposal and Impairment of Property	(15,465)	-	(10)
Loss on Extinguishment of Debt	(3,249)	-	-
Total Nonoperating Gains (Losses) and Other Support	9,685	523	(6)
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENSE</b>	2,168	(3,400)	(1,014)
Assets Released from Restrictions for Capital Purposes	5,535	-	-
Change in Non-Controlling Interest	-	-	6,188
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE DISCONTINUED OPERATIONS</b>	7,703	(3,400)	5,174
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	(4,719)	-	-
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	\$ 2,984	\$ (3,400)	\$ 5,174



Consolidating Elimination Entries	Consolidated Total
\$ -	\$ 932,812
-	4,785
-	5,108
(12,534)	-
(1,363)	29,938
<u>(13,897)</u>	<u>972,643</u>
-	663,619
(919)	158,886
-	41,750
-	3,973
(16,457)	23,116
-	21,765
-	68,503
<u>(17,376)</u>	<u>981,612</u>
3,479	(8,969)
(1,094)	7,365
(1,106)	13,149
1,677	7,889
-	(15,475)
-	<u>(3,249)</u>
<u>(523)</u>	<u>9,679</u>
2,956	710
-	5,535
-	<u>6,188</u>
2,956	12,433
-	<u>(4,719)</u>
<u>\$ 2,956</u>	<u>\$ 7,714</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2013**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>UNRESTRICTED NET ASSETS</b>			
Excess (Deficit) of Revenues over Expenses	\$ 2,168	\$ (3,400)	\$ (1,014)
Assets Released from Restrictions for Capital Purposes	5,535	-	-
Change in Non-Controlling Interest	-	-	6,188
Change in Unrestricted Net Assets Before Discontinued Operations	7,703	(3,400)	5,174
Loss from Discontinued Operations	(4,719)	-	-
Change in Unrestricted Net Assets	2,984	(3,400)	5,174
<b>TEMPORARILY RESTRICTED NET ASSETS</b>			
Contributions for Charity Care and Operating Expenses	4,103	-	-
Contributions for Capital Purposes	10,620	-	676
Net Assets Released from Restrictions	(10,643)	-	-
Change in Temporarily Restricted Net Assets Before Discontinued Operations	4,080	-	676
Loss from Discontinued Operations	(65)	-	-
Change in Temporarily Restricted Net Assets	4,015	-	676
<b>PERMANENTLY RESTRICTED NET ASSETS</b>			
Contributions for Endowment Funds and Trusts	1,108	-	-
Increase in Beneficial Interest in Perpetual Trust	223	-	-
Change in Permanently Restricted Net Assets	1,331	-	-
<b>CHANGE IN NET ASSETS</b>	8,330	(3,400)	5,850
Net Assets - Beginning of Year	750,765	17,184	30,732
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 759,095</u>	<u>\$ 13,784</u>	<u>\$ 36,582</u>



Consolidating Elimination Entries	Consolidated Total
\$ 2,956	\$ 710
-	5,535
-	6,188
2,956	12,433
-	(4,719)
2,956	7,714
-	4,103
-	11,296
-	(10,643)
-	4,756
-	(65)
-	4,691
-	1,108
-	223
-	1,331
2,956	13,736
(18,344)	780,337
<u>\$ (15,388)</u>	<u>\$ 794,073</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2013**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in Net Assets	\$ 8,330	\$ (3,400)	\$ 5,850
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:			
Reconciling Items Included in Discontinued Operations	3,229	-	-
Depreciation	66,179	-	2,324
Amortization	(188)	125	44
Provision for Bad Debts	752	-	47
Housing Entry Fees and Annuities Revenue	(3,491)	-	-
Realized and Unrealized (Gain) Loss on Investments	(21,038)	571	-
Change in Beneficial Interest in Perpetual Trusts	(223)	-	-
Loss on Disposal and Impairment of Property	15,465	-	10
Loss on Refinancing of Debt	3,249	-	-
Change in Non-Controlling Interest	-	-	(6,188)
Reclassification of Restricted Contributions	(11,728)	-	(676)
(Increase) Decrease in Assets:			
Accounts Receivable	1,903	(20)	30
Other Current Assets	668	(119)	(174)
Increase (Decrease) in Liabilities:			
Resident Funds, Prepaid Rents and Accounts Payable	(3,036)	451	102
Accrued Expenses and Other Current Liabilities	6,468	1,635	(182)
Net Cash Provided (Used) by Operating Activities	66,538	(757)	1,187
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Change in Investments	(10,534)	1,621	(142)
Change in Notes Receivable and Other Assets	6,141	-	(1,297)
Business Acquisitions	(3,651)	-	-
Property Additions	(103,529)	-	(6,449)
Proceeds from Sale of Property	1,081	-	18
Net Cash Provided (Used) by Investing Activities	(110,492)	1,621	(7,870)



Consolidating Elimination Entries	Consolidated Total
\$ 2,956	\$ 13,736
-	3,229
-	68,503
-	(19)
-	799
-	(3,491)
(571)	(21,038)
-	(223)
-	15,475
-	3,249
-	(6,188)
-	(12,404)
(4,254)	(2,341)
-	375
-	(2,483)
-	7,921
<u>(1,869)</u>	<u>65,099</u>
-	(9,055)
(6,672)	(1,828)
-	(3,651)
8,846	(101,132)
-	1,099
<u>2,174</u>	<u>(114,567)</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2013**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Annuities Issued and Housing Entry Fees	18,577	-	-
Refund of Housing Entry Fees	(9,938)	-	-
Payment of Financing Fees	(1,036)	-	(127)
Proceeds from Long-Term Debt Borrowings	47,141	-	6,619
Repayment of Long-Term Debt	(17,164)	-	(2,060)
Proceeds from Contributions	11,728	-	6,187
Change in Intercompany Payable	-	-	(4,254)
Net Cash Provided by Financing Activities	<u>49,308</u>	<u>-</u>	<u>6,365</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	5,354	864	(318)
Cash and Cash Equivalents - Beginning of Year	<u>13,228</u>	<u>3,068</u>	<u>1,333</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 18,582</u>	<u>\$ 3,932</u>	<u>\$ 1,015</u>



Consolidating Elimination Entries	Consolidated Total
-	18,577
-	(9,938)
-	(1,163)
(6,619)	47,141
2,060	(17,164)
-	17,915
4,254	-
<u>(305)</u>	<u>55,368</u>
-	5,900
-	<u>17,629</u>
<u>\$ -</u>	<u>\$ 23,529</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP BALANCE SHEET**  
**DECEMBER 31, 2013**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 18,509	\$ 73	\$ -	\$ 18,582
Investments	335,247	11,978	-	347,225
Accounts Receivable, Net	84,456	-	(170)	84,286
Notes and Other Current Receivables	1,836	-	-	1,836
Current Portion of Assets Limited as to Use	57,403	-	-	57,403
Inventory	5,788	-	-	5,788
Prepaid Expenses	2,115	-	-	2,115
Securities Lending - Collateral Held for Loaned Securities	39,262	-	-	39,262
Total Current Assets	544,616	12,051	(170)	556,497
<b>ASSETS LIMITED AS TO USE</b>				
Investments	32,750	23,293	-	56,043
Securities Lending - Investments Loaned to Broker	38,741	-	-	38,741
Total Assets Limited as to Use, Less Current Portion	71,491	23,293	-	94,784
<b>PROPERTY AND EQUIPMENT</b>				
Land and Land Improvements	151,534	-	-	151,534
Buildings and Improvements	1,350,600	-	-	1,350,600
Furniture and Equipment	253,340	1	-	253,341
Vehicles	17,862	-	-	17,862
Total	1,773,336	1	-	1,773,337
Less: Accumulated Depreciation	(934,241)	-	-	(934,241)
Subtotal	839,095	1	-	839,096
Construction and Development	81,758	-	-	81,758
Total Property and Equipment	920,853	1	-	920,854
<b>OTHER ASSETS</b>				
Investments	17,394	15,027	-	32,421
Notes Receivable and Other Assets	88,335	10	(50,246)	38,099
Unamortized Finance Fees	4,199	-	-	4,199
Total Other Assets	109,928	15,037	(50,246)	74,719
Total Assets	\$ 1,646,888	\$ 50,382	\$ (50,416)	\$ 1,646,854



	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Maturities of Long-Term Debt	\$ 66,761	\$ -	\$ -	\$ 66,761
Resident Funds and Prepaid Rents	9,953	-	-	9,953
Accounts Payable	27,912	24	(12)	27,924
Accrued Expenses:				
Salaries and Wages	16,201	8	-	16,209
Vacation	27,018	-	-	27,018
Employee Benefits and Payroll Taxes	10,093	-	-	10,093
Insurance	8,716	-	-	8,716
Interest	2,976	-	(158)	2,818
Current Portion of Housing Entry Fees	8,687	-	-	8,687
Securities Lending - Payable Under				
Investment Loan Agreement	39,741	-	-	39,741
Other Current Liabilities	7,602	-	-	7,602
Total Current Liabilities	<u>225,660</u>	<u>32</u>	<u>(170)</u>	<u>225,522</u>
<b>LONG-TERM DEBT, Less Current Maturities</b>	554,801	-	-	554,801
<b>OTHER LIABILITIES</b>				
Non-Refundable Housing Entry Fees	17,621	-	-	17,621
Refundable Housing Entry Fees	80,993	-	-	80,993
Annuities and Other Liabilities	8,718	104	-	8,822
Total Other Liabilities	<u>107,332</u>	<u>104</u>	<u>-</u>	<u>107,436</u>
Total Liabilities	887,793	136	(170)	887,759
<b>NET ASSETS</b>				
Unrestricted	717,998	35,164	(35,164)	717,998
Temporarily Restricted	22,386	2,110	(2,110)	22,386
Permanently Restricted	18,711	12,972	(12,972)	18,711
Total Net Assets	<u>759,095</u>	<u>50,246</u>	<u>(50,246)</u>	<u>759,095</u>
Total Liabilities and Net Assets	<u>\$ 1,646,888</u>	<u>\$ 50,382</u>	<u>\$ (50,416)</u>	<u>\$ 1,646,854</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2013**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>OPERATING REVENUE</b>				
Housing and Services	\$ 923,969	\$ -	\$ -	\$ 923,969
Resource Development	4,785	-	-	4,785
Net Assets Released from Restrictions for Operating Purposes	5,108	-	-	5,108
Other Revenue	30,314	-	-	30,314
Total Operating Revenue	964,176	-	-	964,176
<b>OPERATING EXPENSE</b>				
Housing and Services	660,438	27	-	660,465
Administrative	156,198	354	-	156,552
Employee Health Benefits	41,505	-	-	41,505
Resource Development	2,856	1,117	-	3,973
General Insurance	22,616	-	-	22,616
Interest	20,403	-	-	20,403
Depreciation	66,179	-	-	66,179
Total Operating Expense	970,195	1,498	-	971,693
<b>OPERATING LOSS</b>	(6,019)	(1,498)	-	(7,517)
<b>NONOPERATING GAINS (LOSSES) AND OTHER SUPPORT</b>				
Interest Income	8,233	489	(1,361)	7,361
Realized Gain on Investments	11,995	1,154	-	13,149
Unrealized Gain on Investments	6,673	1,216	-	7,889
Loss on Disposal and Impairment of Property	(15,465)	-	-	(15,465)
Loss on Extinguishment of Debt	(3,249)	-	-	(3,249)
Total Nonoperating Gains and Other Support	8,187	2,859	(1,361)	9,685
<b>EXCESS OF REVENUE OVER EXPENSE</b>	2,168	1,361	(1,361)	2,168
Assets Released from Restrictions for Capital Purposes	5,535	-	-	5,535
Transfer to Foundation from Society	(26,279)	26,279	-	-
Increase in Interest in the Unrestricted Net Assets of the Foundation	26,279	-	(26,279)	-
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE DISCONTINUED OPERATIONS</b>	7,703	27,640	(27,640)	7,703
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	(4,719)	-	-	(4,719)
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	\$ 2,984	\$ 27,640	\$ (27,640)	\$ 2,984



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2013**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>UNRESTRICTED NET ASSETS</b>				
Excess of Revenues over Expenses	\$ 2,168	\$ 1,361	\$ (1,361)	\$ 2,168
Net Assets Released from Restrictions for Capital Purposes	5,535	-	-	5,535
Transfer to Foundation from Society	(26,279)	26,279	-	-
Increase in Interest in the Unrestricted Net Assets of the Foundation	26,279	-	(26,279)	-
Change in Unrestricted Net Assets Before Discontinued Operations	7,703	27,640	(27,640)	7,703
Loss from Discontinued Operations	(4,719)	-	-	(4,719)
Change in Unrestricted Net Assets	2,984	27,640	(27,640)	2,984
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
Contributions for Charity Care and Operating Expenses	3,084	1,019	-	4,103
Contributions for Capital Purposes	10,620	-	-	10,620
Net Assets Released from Restrictions	(10,643)	-	-	(10,643)
Transfer to Foundation from Society	441	(441)	-	-
Increase in Interest in the Temporarily Restricted Net Assets of the Foundation	578	-	(578)	-
Change in Temporarily Restricted Net Assets Before Discontinued Operations	4,080	578	(578)	4,080
Loss from Discontinued Operations	(65)	-	-	(65)
Change in Temporarily Restricted Net Assets	4,015	578	(578)	4,015
<b>PERMANENTLY RESTRICTED NET ASSETS</b>				
Contributions for Endowment Funds and Trusts	1,005	103	-	1,108
Increase in Beneficial Interest in Perpetual Trust	223	-	-	223
Transfers to Foundation from Society	(387)	387	-	-
Increase in Interest in the Permanently Restricted Net Assets of the Foundation	490	-	(490)	-
Change in Permanently Restricted Net Assets	1,331	490	(490)	1,331
<b>CHANGE IN NET ASSETS</b>	8,330	28,708	(28,708)	8,330
Net Assets - Beginning of Year	750,765	21,538	(21,538)	750,765
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 759,095</u>	<u>\$ 50,246</u>	<u>\$ (50,246)</u>	<u>\$ 759,095</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2013**  
**(DOLLAR AMOUNTS IN THOUSANDS)**  
**(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)**

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entities	Obligated Group Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in Net Assets	\$ 8,330	\$ 28,708	\$ (28,708)	\$ 8,330
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Reconciling Items Included in				
Discontinued Operations	3,229	-	-	3,229
Depreciation	66,179	-	-	66,179
Amortization	(188)	-	-	(188)
Provision for Bad Debts	752	-	-	752
Housing Entry Fees and Annuities Revenue	(3,498)	7	-	(3,491)
Realized and Unrealized Gain on Investments	(18,668)	(2,370)	-	(21,038)
Change in Beneficial Interest in Perpetual Trusts	(223)	-	-	(223)
Loss on Disposal and Impairment of Property	15,465	-	-	15,465
Loss on Refinancing of Debt	3,249	-	-	3,249
Reclassification of Restricted Contributions	(11,625)	(103)	-	(11,728)
Transfer to Foundation	24,683	(24,683)	-	-
(Increase) Decrease in Assets:				
Accounts Receivable	1,903	-	-	1,903
Other Current Assets	678	(10)	-	668
Increase (Decrease) in Liabilities:				
Resident Funds, Prepaid Rents and Accounts Payable	(3,036)	-	-	(3,036)
Accrued Expenses and Other Current Liabilities	6,516	(48)	-	6,468
Net Cash Provided by Operating Activities	93,745	1,501	(28,708)	66,538
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in Investments	(8,946)	(1,588)	-	(10,534)
Change in Notes Receivable and Other Assets	(22,567)	-	28,708	6,141
Business Acquisitions	(3,651)	-	-	(3,651)
Property Additions	(103,529)	-	-	(103,529)
Proceeds from Sale of Property	1,081	-	-	1,081
Net Cash Used by Investing Activities	(137,612)	(1,588)	28,708	(110,492)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from Annuities Issued and Housing Entry Fees	18,577	-	-	18,577
Refund of Housing Entry Fees	(9,938)	-	-	(9,938)
Payment of Deferred Financing Fees	(1,036)	-	-	(1,036)
Proceeds from Issuance of Long-Term Debt	47,141	-	-	47,141
Repayment of Long-Term Debt	(17,164)	-	-	(17,164)
Proceeds from Contributions	11,625	103	-	11,728
Net Cash Provided by Financing Activities	49,205	103	-	49,308
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	5,338	16	-	5,354
Cash and Cash Equivalents - Beginning of Year	13,171	57	-	13,228
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 18,509</u>	<u>\$ 73</u>	<u>\$ -</u>	<u>\$ 18,582</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET**  
**DECEMBER 31, 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

<b>ASSETS</b>	<b>Obligated Group Total</b>	<b>Good Samaritan Society Insurance, Ltd.</b>	<b>Affordable Housing Entities</b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 13,228	\$ 3,068	\$ 1,333
Investments	241,567	38,925	-
Accounts Receivable, Net	86,977	187	138
Notes and Other Current Receivables	1,315	224	-
Inventory	6,248	-	-
Prepaid Expenses	2,333	10	37
Securities Lending - Collateral Held for Loaned Securities	20,823	2,139	-
Total Current Assets	<u>372,491</u>	<u>44,553</u>	<u>1,508</u>
<b>ASSETS LIMITED AS TO USE</b>			
Investments	207,901	197	4,776
Securities Lending - Investments Loaned to Broker	21,178	2,208	-
Total Assets Limited as to Use	<u>229,079</u>	<u>2,405</u>	<u>4,776</u>
<b>PROPERTY AND EQUIPMENT</b>			
Land and Land Improvements	148,351	-	5,603
Buildings and Improvements	1,287,158	-	69,143
Furniture and Equipment	261,309	-	2,657
Vehicles	17,049	-	40
Total	1,713,867	-	77,443
Less: Accumulated Depreciation	(907,349)	-	(26,425)
Subtotal	806,518	-	51,018
Construction and Development	94,689	-	1,138
Total Property and Equipment	<u>901,207</u>	<u>-</u>	<u>52,156</u>
<b>OTHER ASSETS</b>			
Investments	29,976	-	-
Notes Receivable and Other Assets	40,876	-	33
Unamortized Finance Fees	4,002	-	577
Total Other Assets	<u>74,854</u>	<u>-</u>	<u>610</u>
Total Assets	<u>\$ 1,577,631</u>	<u>\$ 46,958</u>	<u>\$ 59,050</u>



Consolidating Elimination Entries	Consolidated Total
\$ -	\$ 17,629
-	280,492
(24)	87,278
-	1,539
-	6,248
-	2,380
-	22,962
(24)	418,528
-	212,874
-	23,386
-	236,260
-	153,954
(1,158)	1,355,143
-	263,966
-	17,089
(1,158)	1,790,152
-	(933,774)
(1,158)	856,378
-	95,827
(1,158)	952,205
-	29,976
(26,248)	14,661
-	4,579
(26,248)	49,216
\$ (27,430)	\$ 1,656,209



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**DECEMBER 31, 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Current Maturities of Long-Term Debt	\$ 13,889	\$ -	\$ 4,256
Resident Funds and Prepaid Rents	8,173	-	-
Accounts Payable	28,883	785	4,609
Accrued Expenses:			
Salaries and Wages	13,712	-	99
Vacation	26,900	-	-
Employee Benefits and Payroll Taxes	10,117	-	-
Insurance	8,369	26,725	-
Interest	1,976	-	346
Current Portion of Housing Entry Fees	8,687	-	-
Securities Lending - Payable Under Investment Loan Agreement	21,729	2,264	-
Other Current Liabilities	6,669	-	2,102
Total Current Liabilities	149,104	29,774	11,412
<b>LONG-TERM DEBT, Less Current Maturities</b>	575,474	-	16,346
<b>OTHER LIABILITIES</b>			
Refundable Housing Entry Fees	16,914	-	-
Non-Refundable Housing Entry Fees	75,761	-	-
Annuities and Other Liabilities	9,613	-	560
Total Other Liabilities	102,288	-	560
<b>Total Liabilities</b>	826,866	29,774	28,318
<b>NET ASSETS</b>			
Unrestricted:			
Unrestricted	715,014	17,184	(12,806)
Non-Controlling Interest	-	-	6,435
Total Unrestricted	715,014	17,184	(6,371)
Temporarily Restricted	18,371	-	37,103
Permanently Restricted	17,380	-	-
Total Net Assets	750,765	17,184	30,732
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,577,631</b>	<b>\$ 46,958</b>	<b>\$ 59,050</b>



Consolidating Elimination Entries	Consolidated Total
\$ -	\$ 18,145
-	8,173
(6,918)	27,359
-	13,811
-	26,900
-	10,117
-	35,094
(346)	1,976
-	8,687
-	23,993
(1,449)	7,322
(8,713)	181,577
(373)	591,447
-	16,914
-	75,761
-	10,173
-	102,848
(9,086)	875,872
(18,344)	701,048
-	6,435
(18,344)	707,483
-	55,474
-	17,380
(18,344)	780,337
\$ (27,430)	\$ 1,656,209



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>OPERATING REVENUE</b>			
Housing and Services	\$ 908,430	\$ -	\$ 8,692
Resource Development	4,986	-	-
Net Assets Released from Restrictions for Operating Purposes	5,793	-	-
Underwriting Income	-	12,143	-
Other Revenue	27,275	-	522
Total Operating Revenue	<u>946,484</u>	<u>12,143</u>	<u>9,214</u>
<b>OPERATING EXPENSE</b>			
Housing and Services	655,924	-	3,022
Administrative	139,436	-	3,013
Employee Health Benefits	37,666	-	400
Resource Development	3,804	-	-
General Insurance	19,834	12,954	206
Interest	20,564	-	1,521
Depreciation	63,637	-	2,220
Total Operating Expense	<u>940,865</u>	<u>12,954</u>	<u>10,382</u>
<b>OPERATING INCOME (LOSS)</b>	5,619	(811)	(1,168)
<b>NONOPERATING GAINS (LOSSES) AND OTHER SUPPORT</b>			
Interest Income	7,484	1,296	5
Realized Gain on Investments	7,777	736	-
Unrealized Gain on Investments	16,105	633	-
Loss on Disposal and Impairment of Property	(8,400)	-	-
Loss on Extinguishment of Debt	(3,230)	-	-
Total Nonoperating Gains and Other Support	<u>19,736</u>	<u>2,665</u>	<u>5</u>
<b>EXCESS (DEFICIT) OF REVENUE OVER EXPENSE</b>	25,355	1,854	(1,163)
Assets Released from Restrictions for Capital Purposes	6,967	-	111
Change in Non-Controlling Interest	-	-	5,650
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE DISCONTINUED OPERATIONS</b>	32,322	1,854	4,598
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	<u>(3,429)</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>\$ 28,893</u>	<u>\$ 1,854</u>	<u>\$ 4,598</u>



Consolidating Elimination Entries	Consolidated Total
\$ -	\$ 917,122
-	4,986
-	5,793
(12,143)	-
(1,691)	26,106
<u>(13,834)</u>	<u>954,007</u>
-	658,946
(819)	141,630
-	38,066
-	3,804
(12,954)	20,040
-	22,085
-	65,857
<u>(13,773)</u>	<u>950,428</u>
(61)	3,579
(1,296)	7,489
(736)	7,777
(633)	16,105
-	(8,400)
<u>-</u>	<u>(3,230)</u>
<u>(2,665)</u>	<u>19,741</u>
(2,726)	23,320
-	7,078
<u>-</u>	<u>5,650</u>
(2,726)	36,048
<u>-</u>	<u>(3,429)</u>
<u>\$ (2,726)</u>	<u>\$ 32,619</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>UNRESTRICTED NET ASSETS</b>			
Excess (Deficit) of Revenues over Expenses	\$ 25,355	\$ 1,854	\$ (1,163)
Assets Released from Restrictions for Capital Purposes	6,967	-	111
Change in Non-Controlling Interest	-	-	5,650
Change in Unrestricted Net Assets Before Discontinued Operations	32,322	1,854	4,598
Loss from Discontinued Operations	(3,429)	-	-
Change in Unrestricted Net Assets	28,893	1,854	4,598
<b>TEMPORARILY RESTRICTED NET ASSETS</b>			
Contributions for Charity Care and Operating Expenses	4,582	-	-
Contributions for Capital Purposes	7,447	-	1,266
Net Assets Released from Restrictions	(12,760)	-	(111)
Change in Temporarily Restricted Net Assets Before Discontinued Operations	(731)	-	1,155
Loss from Discontinued Operations	(97)	-	-
Change in Temporarily Restricted Net Assets	(828)	-	1,155
<b>PERMANENTLY RESTRICTED NET ASSETS</b>			
Contributions for Endowment Funds and Trusts	618	-	-
Increase in Beneficial Interest in Perpetual Trust	192	-	-
Change in Permanently Restricted Net Assets	810	-	-
<b>CHANGE IN NET ASSETS</b>	28,875	1,854	5,753
Net Assets - Beginning of Year	721,890	15,330	24,979
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 750,765</u>	<u>\$ 17,184</u>	<u>\$ 30,732</u>



Consolidating Elimination Entries	Consolidated Total
\$ (2,726)	\$ 23,320
-	7,078
-	5,650
(2,726)	36,048
-	(3,429)
(2,726)	32,619
-	4,582
-	8,713
-	(12,871)
-	424
-	(97)
-	327
-	618
-	192
-	810
(2,726)	33,756
(15,618)	746,581
<u>\$ (18,344)</u>	<u>\$ 780,337</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in Net Assets	\$ 28,875	\$ 1,854	\$ 5,753
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:			
Reconciling Items Included in Discontinued Operations	2,196	-	-
Depreciation	63,637	-	2,220
Amortization	173	93	42
Provision for Bad Debts	(2,255)	-	23
Noncash Member Distribution	-	-	-
Housing Entry Fees and Annuities Revenue	(3,564)	-	-
Realized and Unrealized Gain on Investments	(23,882)	(1,369)	-
Change in Beneficial Interest in Perpetual Trusts	(192)	-	-
Loss on Disposal and Impairment of Property	8,400	-	-
Loss on Refinancing of Debt	3,230	-	-
Change in Non-Controlling Interest	-	-	(5,650)
Reclassification of Restricted Contributions	(8,059)	-	(1,431)
(Increase) Decrease in Assets:			
Accounts Receivable	(8,903)	5	(83)
Other Current Assets	(224)	217	(6)
Increase (Decrease) in Liabilities:			
Resident Funds, Prepaid Rents and Accounts Payable	(1,181)	432	461
Accrued Expenses and Other Current Liabilities	2,547	(1,369)	87
Net Cash Provided (Used) by Operating Activities	60,798	(137)	1,416
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Change in Investments	(18,910)	1,541	(24)
Change in Notes Receivable and Other Assets	2,938	-	(284)
Property Additions	(77,273)	-	(4,426)
Proceeds from Sale of Property	48	-	-
Net Cash Provided (Used) by Investing Activities	(93,197)	1,541	(4,734)



Consolidating Elimination Entries	Consolidated Total
\$ (2,726)	\$ 33,756
-	2,196
-	65,857
-	308
-	(2,232)
-	-
-	(3,564)
1,369	(23,882)
-	(192)
-	8,400
-	3,230
-	(5,650)
-	(9,490)
(3,795)	(12,776)
-	(13)
-	(288)
-	1,265
<u>(5,152)</u>	<u>56,925</u>
-	(17,393)
(1,644)	1,010
4,082	(77,617)
-	48
<u>2,438</u>	<u>(93,952)</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	Obligated Group Total	Good Samaritan Society Insurance, Ltd.	Affordable Housing Entities
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Annuities Issued and Housing Entry Fees	20,390	-	-
Refund of Housing Entry Fees	(9,058)	-	-
Payment of Financing Fees	-	-	(39)
Proceeds from Long-Term Debt Borrowings	32,364	-	1,647
Repayment of Long-Term Debt	(21,640)	-	(566)
Proceeds from Contributions	8,059	-	5,696
Change in Intercompany Payable	-	-	(3,795)
Net Cash Provided by Financing Activities	<u>30,115</u>	<u>-</u>	<u>2,943</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,284)	1,404	(375)
Cash and Cash Equivalents - Beginning of Year	<u>15,512</u>	<u>1,664</u>	<u>1,708</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 13,228</u>	<u>\$ 3,068</u>	<u>\$ 1,333</u>



Consolidating Elimination Entries	Consolidated Total
-	20,390
-	(9,058)
-	(39)
(1,647)	32,364
566	(21,640)
-	13,755
3,795	-
<u>2,714</u>	<u>35,772</u>
-	(1,255)
-	<u>18,884</u>
<u>\$ -</u>	<u>\$ 17,629</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP BALANCE SHEET**  
**DECEMBER 31, 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 13,171	\$ 57	\$ -	\$ 13,228
Investments	237,605	3,962	-	241,567
Accounts Receivable, Net	87,111	-	(134)	86,977
Notes and Other Current Receivables	1,315	-	-	1,315
Inventory	6,248	-	-	6,248
Prepaid Expenses	2,333	-	-	2,333
Securities Lending - Collateral Held for Loaned Securities	20,823	-	-	20,823
Total Current Assets	368,606	4,019	(134)	372,491
<b>ASSETS LIMITED AS TO USE</b>				
Investments	204,231	3,670	-	207,901
Securities Lending - Investments Loaned to Broker	21,178	-	-	21,178
Total Assets Limited as to Use	225,409	3,670	-	229,079
<b>PROPERTY AND EQUIPMENT</b>				
Land and Land Improvements	148,351	-	-	148,351
Buildings and Improvements	1,287,158	-	-	1,287,158
Furniture and Equipment	261,308	1	-	261,309
Vehicles	17,049	-	-	17,049
Total	1,713,866	1	-	1,713,867
Less: Accumulated Depreciation	(907,349)	-	-	(907,349)
Subtotal	806,517	1	-	806,518
Construction and Development	94,689	-	-	94,689
Total Property and Equipment	901,206	1	-	901,207
<b>OTHER ASSETS</b>				
Investments	15,961	14,015	-	29,976
Notes Receivable and Other Assets	62,414	-	(21,538)	40,876
Unamortized Finance Fees	4,002	-	-	4,002
Total Other Assets	82,377	14,015	(21,538)	74,854
Total Assets	\$ 1,577,598	\$ 21,705	\$ (21,672)	\$ 1,577,631



	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Maturities of Long-Term Debt	\$ 13,889	\$ -	\$ -	\$ 13,889
Resident Funds and Prepaid Rents	8,173	-	-	8,173
Accounts Payable	28,820	63	-	28,883
Accrued Expenses:				
Salaries and Wages	13,705	7	-	13,712
Vacation	26,900	-	-	26,900
Employee Benefits and Payroll Taxes	10,117	-	-	10,117
Insurance	8,369	-	-	8,369
Interest	2,110	-	(134)	1,976
Current Portion of Housing Entry Fees	8,687	-	-	8,687
Securities Lending - Payable Under Investment Loan Agreement	21,729	-	-	21,729
Other Current Liabilities	6,669	-	-	6,669
Total Current Liabilities	<u>149,168</u>	<u>70</u>	<u>(134)</u>	<u>149,104</u>
<b>LONG-TERM DEBT, Less Current Maturities</b>	575,474	-	-	575,474
<b>OTHER LIABILITIES</b>				
Refundable Housing Entry Fees	16,914	-	-	16,914
Non-Refundable Housing Entry Fees	75,761	-	-	75,761
Annuities and Other Liabilities	9,516	97	-	9,613
Total Other Liabilities	<u>102,191</u>	<u>97</u>	<u>-</u>	<u>102,288</u>
<b>Total Liabilities</b>	<b>826,833</b>	<b>167</b>	<b>(134)</b>	<b>826,866</b>
<b>NET ASSETS</b>				
Unrestricted	715,014	7,524	(7,524)	715,014
Temporarily Restricted	18,371	1,532	(1,532)	18,371
Permanently Restricted	17,380	12,482	(12,482)	17,380
Total Net Assets	<u>750,765</u>	<u>21,538</u>	<u>(21,538)</u>	<u>750,765</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,577,598</b>	<b>\$ 21,705</b>	<b>\$ (21,672)</b>	<b>\$ 1,577,631</b>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>OPERATING REVENUE</b>				
Housing and Services	\$ 908,430	\$ -	\$ -	\$ 908,430
Resource Development	4,986	-	-	4,986
Net Assets Released from Restrictions for Operating Purposes	5,793	-	-	5,793
Other Revenue	27,275	-	-	27,275
Total Operating Revenue	946,484	-	-	946,484
<b>OPERATING EXPENSE</b>				
Housing and Services	655,891	33	-	655,924
Administrative	139,069	367	-	139,436
Employee Health Benefits	37,666	-	-	37,666
Resource Development	2,754	1,050	-	3,804
General Insurance	19,834	-	-	19,834
Interest	20,564	-	-	20,564
Depreciation	63,637	-	-	63,637
Total Operating Expense	939,415	1,450	-	940,865
<b>OPERATING INCOME (LOSS)</b>	7,069	(1,450)	-	5,619
<b>NONOPERATING GAINS (LOSSES) AND OTHER SUPPORT</b>				
Interest Income	7,476	209	(201)	7,484
Realized Gain on Investments	7,291	486	-	7,777
Unrealized Gain on Investments	15,149	956	-	16,105
Loss on Disposal and Impairment of Property	(8,400)	-	-	(8,400)
Loss on Extinguishment of Debt	(3,230)	-	-	(3,230)
Total Nonoperating Gains and Other Support	18,286	1,651	(201)	19,736
<b>EXCESS OF REVENUE OVER EXPENSE</b>	25,355	201	(201)	25,355
Assets Released from Restrictions for Capital Items	6,967	-	-	6,967
Transfer to Foundation from Society	(915)	915	-	-
Increase in Interest in the Unrestricted Net Assets of the Foundation	915	-	(915)	-
<b>CHANGE IN UNRESTRICTED NET ASSETS BEFORE DISCONTINUED OPERATIONS</b>	32,322	1,116	(1,116)	32,322
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	(3,429)	-	-	(3,429)
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	\$ 28,893	\$ 1,116	\$ (1,116)	\$ 28,893



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2012**  
**(DOLLAR AMOUNTS IN THOUSANDS)**  
**(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)**

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>UNRESTRICTED NET ASSETS</b>				
Excess of Revenues over Expenses	\$ 25,355	\$ 201	\$ (201)	\$ 25,355
Net Assets Released from Restrictions for Capital Purposes	6,967	-	-	6,967
Transfer to Foundation from Society	(915)	915	-	-
Increase in Interest in the Unrestricted Net Assets of the Foundation	915	-	(915)	-
Change in Unrestricted Net Assets Before Discontinued Operations	32,322	1,116	(1,116)	32,322
Loss from Discontinued Operations	(3,429)	-	-	(3,429)
Change in Unrestricted Net Assets	28,893	1,116	(1,116)	28,893
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
Contributions for Charity Care and Operating Expenses	3,676	906	-	4,582
Contributions for Capital Purposes	7,447	-	-	7,447
Net Assets Released from Restrictions	(12,760)	-	-	(12,760)
Transfer to Society from Foundation	396	(396)	-	-
Increase in Interest in the Temporarily Restricted Net Assets of the Foundation	510	-	(510)	-
Change in Temporarily Restricted Net Assets Before Discontinued Operations	(731)	510	(510)	(731)
Loss from Discontinued Operations	(97)	-	-	(97)
Change in Temporarily Restricted Net Assets	(828)	510	(510)	(828)
<b>PERMANENTLY RESTRICTED NET ASSETS</b>				
Contributions for Endowment Funds and Trusts	466	152	-	618
Increase in Beneficial Interest in Perpetual Trust	192	-	-	192
Transfers to Foundation from Society	(453)	453	-	-
Increase in Interest in the Permanently Restricted Net Assets of the Foundation	605	-	(605)	-
Change in Permanently Restricted Net Assets	810	605	(605)	810
<b>CHANGE IN NET ASSETS</b>	28,875	2,231	(2,231)	28,875
Net Assets - Beginning of Year	721,890	19,307	(19,307)	721,890
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 750,765</u>	<u>\$ 21,538</u>	<u>\$ (21,538)</u>	<u>\$ 750,765</u>



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in Net Assets	\$ 28,875	\$ 2,231	\$ (2,231)	\$ 28,875
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Reconciling Items Included in				
Discontinued Operations	2,196	-	-	2,196
Depreciation	63,637	-	-	63,637
Amortization	173	-	-	173
Provision for Bad Debts	(2,255)	-	-	(2,255)
Housing Entry Fees and Annuities Revenue	(3,565)	1	-	(3,564)
Realized and Unrealized Gain on Investments	(22,440)	(1,442)	-	(23,882)
Change in Beneficial Interest in Perpetual Trusts	(192)	-	-	(192)
Loss on Disposal and Impairment of Property	8,400	-	-	8,400
Loss on Refinancing of Debt	3,230	-	-	3,230
Reclassification of Restricted Contributions	(7,907)	(152)	-	(8,059)
Transfer to Foundation	(858)	858	-	-
Increase in Assets:				
Accounts Receivable	(8,903)	-	-	(8,903)
Other Current Assets	(224)	-	-	(224)
Increase (Decrease) in Liabilities:				
Resident Funds, Prepaid Rents and				
Accounts Payable	(1,181)	-	-	(1,181)
Accrued Expenses and Other Current				
Liabilities	2,553	(6)	-	2,547
Net Cash Provided by Operating Activities	61,539	1,490	(2,231)	60,798
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Change in Investments	(17,298)	(1,612)	-	(18,910)
Change in Notes Receivable and Other Assets	707	-	2,231	2,938
Property Additions	(77,273)	-	-	(77,273)
Proceeds from Sale of Property	48	-	-	48
Net Cash Used by Investing Activities	(93,816)	(1,612)	2,231	(93,197)



**THE EVANGELICAL LUTHERAN GOOD SAMARITAN SOCIETY AND AFFILIATES**  
**CONSOLIDATING OBLIGATED GROUP STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2012**  
(DOLLAR AMOUNTS IN THOUSANDS)  
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION)

	The Evangelical Lutheran Good Samaritan Society	The Evangelical Lutheran Good Samaritan Foundation	Consolidating Elimination Entries	Obligated Group Total
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from Annuities Issued and Housing Entry Fees	20,390	-	-	20,390
Refund of Housing Entry Fees	(9,058)	-	-	(9,058)
Proceeds from Issuance of Long-Term Debt	32,364	-	-	32,364
Repayment of Long-Term Debt	(21,640)	-	-	(21,640)
Proceeds from Contributions	7,907	152	-	8,059
Net Cash Provided by Financing Activities	<u>29,963</u>	<u>152</u>	<u>-</u>	<u>30,115</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,314)	30	-	(2,284)
Cash and Cash Equivalents - Beginning of Year	<u>15,485</u>	<u>27</u>	<u>-</u>	<u>15,512</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 13,171</u>	<u>\$ 57</u>	<u>\$ -</u>	<u>\$ 13,228</u>



## Proof of Publication







**Affidavit**



14701

State of Tennessee,

Cumberland County: } *Pauline Sherer*

being duly sworn, upon her oath says, that she is the publisher of the CROSSVILLE CHRONICLE, a tri-weekly newspaper published in the State and County aforesaid; that the annexed and foregoing advertisement was published in said newspaper for one consecutive weeks;

Publication Dates Are:

7-9-1420 14*Pauline Sherer*

Subscribed and sworn to before me, this

14<sup>th</sup> day of July, 20 14  
*Mary Koch*My commission expires, 7-8, 20 17



## Letters of Support



**Cameron Sexton**

State Representative  
25th Legislative District  
rep.cameron.sexton@capitol.tn.gov

**District Office**

186 Homestead Drive  
Crossville, TN 38555  
(931) 707-5126

**House of Representatives**  
**State of Tennessee**

**NASHVILLE**

July 8, 2014

**Legislative Office:**

Nashville, TN 37243  
(615) 741-2343  
Fax: (615) 253-0230

**Member of Committees**

Calendar and Rules  
Business and Utilities  
Health  
Health Subcommittee

Health Services & Development Agency  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

RE: Good Samaritan Society of Fairfield Glade  
Cumberland County

To Whom It May Concern:

Good Samaritan Society of Fairfield Glade has made application to your board requesting approval of a Certificate of Need for 30 additional beds.

This 30 bed expansion would enable GSS to expand their skilled care facility in Fairfield Glade. Currently, the beds are designated to serve long-term residents as well as those in need of rehabilitation services. They have operated at or near full occupancy of its skilled-care beds. They currently have a waiting list for this level of care which has remained reasonably constant for the past year.

The Good Samaritan Society serves one of the largest retirement communities in the state, Fairfield Glade. Fairfield Glade has over 7,000 residents, most of which are over the age of 60. As this community continues to grow older, these individuals will start needing long-term options. Our community needs additional beds to handle this rapidly increasing population.

I strongly urge you to give all due consideration to Good Samaritan Society of Fairfield Glade's CON application. Thank you for your time and attention to this matter.

Sincerely,



Cameron Sexton

**HOUSE MAJORITY WHIP**  
**108<sup>th</sup> General Assembly**



***Mayor Kenneth Carey, Jr.***

2 North Main Street

Crossville, TN 38555

Phone (931) 484-6165

Fax (931) 484-5374

mayorcarey@cumberlandcountyttn.gov

June 25, 2014

Tennessee Health Services & Development Agency

Dear Agency Members:

I take this opportunity to offer you my personal endorsement of the Certificate of Need application submitted to you by the Good Samaritan Society, Fairfield Glade. There is no question this organization is fulfilling an important need in our community and it is quite obvious they need the 30 additional beds requested in their correspondence. The upcoming expansion of their campus makes this need even greater. I respectfully ask you approve their request in your 2014 allocation.

Cumberland County citizens take pride in Good Samaritan's impressive facility and the nature of care provided our seniors by a highly-trained and dedicated staff. The campus has an economic impact on our county – not only because of the jobs it provides but the important role it plays in recruiting retirees to our community.

The facility is now full with waiting lists for Independent living apartments and skilled-care beds. This creates a heartbreaking situation for our citizens, not to mention residents at the facility, who are in need of increased health care. The alternative for a person, many times, is to move from a community he or she has come to love in order to find the care required.

I thank you for considering the Good Samaritan Society's application. I hope you will grant their request.

Sincerely,



Kenneth Carey Jr.

Cumberland County Mayor



## CITY OF CROSSVILLE

392 NORTH MAIN STREET  
CROSSVILLE, TENNESSEE 38555-4232  
TEL (931) 484-5113  
FAX (931) 484-7713

OFFICE OF THE  
MAYOR

June 24, 2014

Tennessee Health Services & Development Agency

Dear Agency Members:

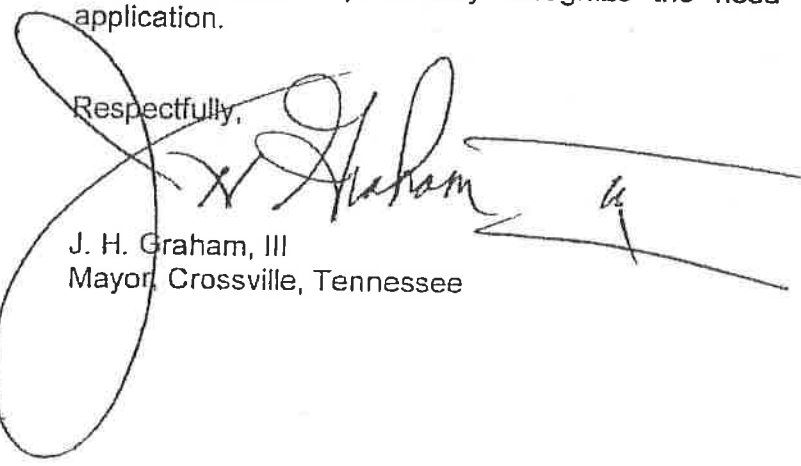
It is with great pleasure I write to support the Good Samaritan Society, Fairfield Glade as it applies for a Certificate of Need requesting the increase from 30 beds currently to 60 beds in their skilled care facility. These additions would be part of a major expansion of the facility which will begin in the Fall of this year. I respectfully encourage you to authorize the additional beds in your 2014 allocation.

We who live in Cumberland County are proud of Good Samaritan's beautiful facility and the level of care provided our seniors by their exceptional staff. It is comforting to our citizens and to those who consider moving to our community that such a place can be available to them or to loved ones.

Currently, the facility is at full capacity with waiting lists for apartments and skilled-care beds. This creates a heart-wrenching problem for anyone – a Crossville native or a resident who lives within the facility itself – who should need to advance from independent living to more increased health care. Other places and options must be considered and, in many cases, the alternatives are not as appealing.

In closing, let me thank you for considering the Good Samaritan Society's request for additional beds. I personally recognize the need and am glad to endorse their application.

Respectfully,



J. H. Graham, III  
Mayor, Crossville, Tennessee





100 Samaritan Way  
Crossville, TN 38558

Phone: (931) 456-1576  
Fax: (931) 456-1575  
www.good-sam.com

Dear Agency Members:

Good Samaritan Society of Fairfield Glade has applied for a Certificate of Need to enable it to expand its skilled care facility in Cumberland County from 30 to 60 beds. This expansion would be part of enlarging the entire senior care facility in Fairfield Glade. We are writing in support of this application and urge you to authorize the additional beds in the 2014 allotment.

This Advisory Board is made up of members with diverse backgrounds from Cumberland County. Based on our knowledge of our community, we believe there is a clear need for additional long-term and rehabilitation beds to serve the needs of our citizens. Since its opening in 2011, Good Samaritan has operated at or near full occupancy of its skilled-care beds and currently has a waiting list for this level of care. This list has remained reasonably constant for the last year.

We urge you to authorize an additional 30 beds for the Good Samaritan Society in Fairfield Glade.

Sincerely yours,

Donald J. Reis, Chair  
GSS Administrators Advisory Board

#### Members

(Chair)	Don Reis, Retired Attorney and Nevada's Chief Deputy Secretary of State
(VP)	Kyle Morrison, Retired Engineer, Eastman Kodak
(Secretary)	Judy Etzel, Retired Manager of Technical Writing Staff, Ryder System Company,
(At Large)	Stan Bolling, Vice President, Senior Health Services, Covenant Health
(At Large)	Nan Sharp, Retired owner of accounting consulting firm, former auditor, Price Waterhouse
(At Large)	Phil Magdich, Retired owner of Hilliard and Lyons Investment firm
(At Large)	Bob Citkovic, Chief of Fairfield Glade Fire Department; Retired, IBM
(At Large)	Rev. LaNita Monroe, United Methodist Church

*In Christ's Love, Everyone Is Someone.*



**SUPPLEMENTAL**  
**#1**





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**SUPPLEMENTAL #1**

**July 24, 2014**

**4:27 pm**

Michael D. Brent  
(615) 252-2361  
Fax: (615) 252-6361  
Email: mbrent@babco.com

July 24, 2014

**VIA HAND DELIVERY**

Mr. Jeff Grimm  
HSDA Examiner  
Tennessee Health Services and Development Agency  
9th Floor, 502 Deaderick Street  
Nashville, Tennessee 37243

**Re: Responses to First Set of Supplemental Requests: Good Samaritan Society –  
Fairfield Glade (CN1407-031)**

Dear Jeff:

In response to your emailed request for clarifying information and revised pages, please find enclosed Good Samaritan Society – Fairfield Glade's responses to the requested information. Accompanying this letter are an original and two copies of the supplemental responses, along with the supplemental affidavit.

If you or the HSDA staff have any questions or require further information, please contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS

A handwritten signature in black ink, appearing to read 'MBrent', written over a horizontal line.

Michael D. Brent

cc: Greg Amble, Evangelical Lutheran Good Samaritan Society





State of Tennessee<sup>173</sup>

**SUPPLEMENTAL #1**

July 24, 2014

Health Services and Development Agency

Andrew Jackson State Office Building, 9<sup>th</sup> Floor  
502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364/Fax: 615-741-9884

July 24, 2014

Mr. Michael D. Brent, Attorney  
Bradley Arant Boult Cummings LLP  
1600 Division Street, Suite 700  
Nashville, TN 37203  
RE: Certificate of Need Application CN1407-031  
Good Samaritan Society-Fairfield Glade

Dear Mr. Brent:

This will acknowledge our July 14, 2014 receipt of your application for a Certificate of Need for the addition of 30 Medicare and TennCare dually certified beds to its existing 30 bed nursing home facility for a total of 60 beds. These beds are subject to the 125 Nursing Home Bed Pool for 2014-2015.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

**Please submit responses in triplicate by 12:00 p.m., Monday, July 28, 2014.** If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

### 1. Section A, Applicant Profile, Item 12

Your response pertaining to participation in TennCare is note. However, statements in the Letter of Intent and other sections of the application appear to omit any reference to the existing and additional beds being dually certified for participation in Medicare and TennCare/Medicaid (see LOI and pages 14, 19 and 39 of the application). Given the response provided to this item, please confirm that the nursing homes existing beds and proposed beds will be dually certified for participation in the Medicare and TennCare/Medicaid programs.

Note: if confirmed, the applicant should revise the statements in the referenced pages & elsewhere in the application as needed. If not correct, please explain.

**RESPONSE:** Because the Applicant's facility is TennCare/Medicaid certified, it is correct that all beds in the facility will be certified for participation in the Medicaid program. Any applicant for new nursing home beds must apply for a certificate of need for those beds under the provisions of Section 68-11-1622 of the Tennessee Code Annotated (the "Code"). Subsection 68-11-1622(a) of the Code requires that the beds applied for "be certified as Medicare skilled nursing facility (SNF) beds." As noted in the application, the facility will certify these beds for participation in the



Medicare program as SNF beds. However, because of the decision in Linton v. Commissioner of Health & Environment, 973 F.2d 1311 (6<sup>th</sup> Cir. 1992), a facility that participates in TennCare/Medicaid must certify all of its beds for TennCare/Medicaid. This is often referred to as the “one in, all in” rule. Because of the operation of this requirement, the requested beds additionally will be certified for Medicaid participation by operation of the “one in, all in” rule. Please find revised replacement pages for page 14, 17, 19, and 39 of the original application included as Attachment 1.

**2. Section B, Project Description, Item 1 and Item II.A**

Your response is noted. On page 14 the applicant states that the larger Southern Wing will include a new rehabilitation area on the ground level and a new 20-private room nursing unit on the 1<sup>st</sup> Floor of the wing. Review of the floor plans for the ground floor, revealed a new rehab area and a new Skilled Nursing North Connector addition with 10 private patient rooms. It appears that the rehab addition is a stand-alone area not connected to the building. Please clarify how nursing home residents in other areas of the building will have access to the rehab area.

**RESPONSE:** The previously-submitted Ground Level Plan reflects a small square marked with an X on the far right side of the space marked “Rehabilitation Ground Level.” The X represents an elevator that will connect both the existing and proposed skilled nursing beds located on the first floor to the ground level rehabilitation addition. The previously-submitted First Level Plan also reflects an X where the elevator connect to the southern wing of the first floor addition.

Review of the Square Footage Chart revealed a new construction cost of \$5,716,107 in lieu of the \$4,092,145 (\$149/SF) entered on line A.5 of the project Costs Chart on page 36 of the application. What does the \$5,716,107.00 consist of? In your response, please also clarify why the “true” cost of the new construction (\$4.1 million or \$149/SF as confirmed by the project architect) was not used in the Square Footage Chart.

**RESPONSE:** The Applicant erroneously included the architectural and engineering fees, legal and administrative fees, site preparation costs, contingency fund, fixed equipment costs, and sewer and water access fees listed in the Project Costs Chart in addition to the \$4,092,145 new construction cost. A replacement page for the Square Footage Chart is included as Attachment 2.

The “Rehabilitation Area” on the ground floor is depicted in the attachments containing the floor plans of the proposed new additions. However, no mention of this area is made in the Square Footage Chart. Please clarify.

**RESPONSE:** Please see the replacement Square Footage Chart included as Attachment 2, which has been revised to clarify that the Rehabilitation Area space on the ground floor is comprised of 4,930 square feet and included in the “Outpatient Services” unit.



**3. Section B, Project Description, Item II.C-Long Term Care Services**

The table showing the nursing home's "deflection activity" for the most recent 12-month period is noted. It appears that denials based on unavailable beds accounted for approximately 41% of total referrals during this time. This information is helpful to HSDA staff review of the proposal as it appears to significantly reinforce the applicant's proposal for additional beds using the population-based bed need formula in Section C, Need, Item 1 (project specific standards). However, a few questions arise:

- (a) has the applicant contacted other existing nursing homes in Cumberland County for similar data to help further illustrate the need for additional beds in the county? If so, how does their history of "deflection" compare? Please clarify.

**RESPONSE:** The Applicant acknowledges that two of the existing nursing homes in Cumberland County maintain less than a 90% occupancy rate and may not experience deflections to the extent that the Applicant does. However, per the Applicant's conversations with the Wyndridge and Life Care facilities, both facilities confirmed that they often place only one patient in a semi-private room with two beds, and then leave the other bed empty, to provide that patient with the privacy of a private room. This practice essentially converts semi-private rooms into private rooms without decreasing the licensed bed count as is common for older facilities, which may account for the lower occupancy rate. In addition, the occupancy rates may also be lower as a result of patient choice in selecting updated facilities or facilities that are closer to home. On the other hand, Wharton Nursing Home, the other CCRC in Cumberland County, maintains a greater than 90% occupancy rate and, per the Applicant's conversation with their admissions coordinator, experiences a 50% deflection rate based on bed unavailability.

- (b) there are two columns in the table – one showing total denials and the other showing denials due to bed unavailability. What factors are included in the "total denials" column?

**RESPONSE:** In addition to bed unavailability, the vast majority of "other denials" are due to clinical reasons, insurance coverage, patient choice of another facility or choice to go home, and financial reasons.

- (c) the difference between 357 total referrals and 222 total denials is approximately 135. It appears that this amount represents 135 admissions during the 12-month period. This amount seems to be significantly lower compared to the nursing home's admissions 189 total admissions during the 2012 JAR period (Jan, 2012-Dec 2012). Please explain.

**RESPONSE:** The Applicant's actual admissions for August 2013 through June 2013 total 111 because the deflection chart reflects patient referrals only, not the actual number of admissions to the facility. This lower admission total is due in part to the fact that the deflection activity table only reflects data from August 2013 through June 2014, not an entire year as reflected in JAR data. However, the greatest cause of the lower number of admissions is that the facility's average length of stay has increased significantly. From August 2013 through June 2014, the facility had 9,627 patient days and 111 admissions for an average length of stay of approximately 87 days as



compared to only a 47 day average length of stay in 2012. The Applicant currently has 19 residents that have been at the facility for more than 50 days, with 17 of those 19 resident at over 120 days. Moreover, as the Applicant has noted previously, the information set forth in the Applicant's 2012 JAR is inaccurate, which may also account for the large difference between calendar year 2012 and August 2013 to June 2014. Please note that the Applicant has contacted the Office of Health Statistics to amend its 2012 JAR.

**4. Section B, Project Description, Item IV (Floor Plans)**

The floor plan labeled as "First Level Plan – Phase 2" shows 30 CON beds at 2 different wings (South and North) on the first floor. However, as noted, the applicant is showing 10 of 30 beds on the ground level "North Connector" floor plan. Please clarify.

**RESPONSE:** The previously-submitted First Level Plan – Phase 2 correctly shows the 30 CON beds on the first floor. However, the North Connector floor plan was mislabeled to reflect 10 of the 30 CON beds on the ground level. The floor plan has been corrected and a replacement page for the revised floor plan is included as Attachment 4.

Of the 10 patient rooms on the new ground floor "North Connector Addition", 8 are labeled "Unit A" and 2 are labeled "Unit B". What accounts for the difference in the rooms? Please clarify.

**RESPONSE:** The only difference between the rooms labeled Unit A and the rooms labeled Unit B are the physical layout of the spaces. Because the Unit B rooms are located as the building turns the corner, the layout is somewhat different from the Unit A rooms. However, there are no substantive differences between Unit A and Unit B rooms.

Please help clarify the plans provided by completing the table below (note: SF is the abbreviation for Square feet):

**RESPONSE:** Please see the completed chart below:

**Patient Rooms by Floor – Fairfield Glade**

<b>Floor</b>	<b>Existing Private Rooms</b>	<b>Additional Rooms</b>	<b>Total at Completion</b>	<b>Total SF Patient Room Areas</b>	<b>Average SF per Room</b>
Ground	0	0	0	0 SF	0 SF
1 <sup>st</sup> Floor	30	30	60	15,480 SF	258 SF
2 <sup>nd</sup> Floor	0	0	0	0 SF	0 SF
Other	0	0	0	0 SF	0 SF
Total	30	30	60	15,480 SF	258 SF

**5. Section C, Need, Item 1**



Special Note: given the construction of the new patient areas at a cost higher than \$2,000,000, please provide responses in Section C, Need, Item 1 which provides answers to the questions on page 23 of *Tennessee's Health: Guidelines for Growth, Criteria and Standards, Edition 2000*, "Construction Renovation, Expansion and Replacement of Health Care Institutions."

**RESPONSE:** Please see below the criteria for Construction, Renovation, Expansion and Replacement of Health Care Institutions:

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

**RESPONSE:** The Applicant has included analysis of the applicable standards in the original application, addition of nursing home beds.

2. For relocation or replacement of an existing licensed health care institution:

- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

**RESPONSE:** Not applicable, the application is for the expansion of an existing licensed health care institution.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

**RESPONSE:** Not applicable, the application is for the expansion of an existing licensed health care institution.

3. For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

**RESPONSE:** As a CCRC, the Applicant's ability to ensure access to skilled nursing home care to those residents requiring it is vital. The Guidelines for Growth show that Cumberland County has insufficient bed availability. The current nursing bed need in Cumberland County is 668. Only 371 nursing beds are currently licensed, which results in a net bed need of 297. The Applicant's application for 30 additional beds is supported by both the current and projected need for additional nursing beds in the service area. Moreover, the Applicant consistently experiences patient deflections as a result of the increasing need for beds, turning away over 100 patients from August 2013 through June 2014 due to bed unavailability.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

**RESPONSE:** The nursing home portion of the CCRC was built and licensed for 30 beds only. In order to meet the existing demand for skilled nursing beds, the CCRC must be expanded to create space for an



additional 30 beds in the skilled nursing facility component. Without the expansion, there is no existing space that the Applicant can use to establish the additional 30 beds. The expansion will also create a connector between the eastern and western wings of the existing skilled nursing facility to increase the residents' access to other parts of the skilled nursing facility, including the proposed area for outpatient rehabilitation.

Nursing Home Services:

Item 1: the response is noted. In light of the correct use of the population and bed formula, and the table on page 20 summarizing the nursing home's "deflection activity" related to "bed unavailability (146 denials of 357 referrals from August 2013 to June 2014) has the applicant been in contact with hospital management representatives and/or discharge planners to discuss the need for additional skilled nursing beds in Cumberland County? If so, it would be helpful to provide letters of support from same that attests to the need for more nursing home beds in the county.

**RESPONSE:** Please see Attachment 5(a).

Item 2: Given the population data and use in the Nursing Home Bed Need formula provided in Item 1 & Attachment C, Need-1.A, the response to this item should be corrected to reflect that there is a bed need in Cumberland County for 314 additional beds ( $685-371=314$ ) in Calendar Year (CY) 2015 and 329 beds in CY2016 ( $700-371=329$ ) in lieu of the amounts noted in the response by the applicant (678 and 291).

**RESPONSE:** Please find enclosed a replacement page 26 to correct the misstated bed need numbers at Attachment 5(b).

Item 4: this standard requests data to document that the majority of the applicant's service recipients reside in the service area. Please identify the percentage of the nursing home's total admissions by Cumberland County residents in 2011, 2012 and 2013.

**RESPONSE:** As shown in the chart below, Cumberland County residents represent 100% of the Applicant's total admissions in 2011, 99% in 2012 and 100% in 2013.

Cumberland County Patients			
	2011	2012	2013
<b>Cumberland County Patients</b>	14	24**	27
<b>% Total Admissions</b>	100%	99%	100%

*\*Sources: 2011 – 2013 Joint Annual Reports; Applicant's Internal Records*

*\*\*The Applicant's 2012 incorrectly states that on the last day of the reporting period 192 residents were from Cumberland County. Based on the Applicant's records, approximately 99% of the facility's residents were from Cumberland County in 2012.*

Item 5.b: the response indicating that the applicant is proposing to add 30 of 314 nursing home beds needed in Cumberland County in CY2014 is noted. However, it is interesting that 2 of 4 existing nursing homes had occupancies lower than 90% in CY2012 and CY2011 leading to an average occupancy of 84%. It seems that there would be a strong correlation between need for more beds and high occupancy rates of existing nursing homes indicating that supply is insufficient to meet demand.



Please comment further on the reasons or factors that account for the low correlation between projected bed need and area occupancy.

**RESPONSE:** As previously noted, the Applicant acknowledges that two of the existing nursing homes in Cumberland County maintain less than a 90% occupancy rate. However, per the Applicant's conversations with the Wyndridge and Life Care facilities, both facilities confirmed that they often place only one patient in a semi-private room with two beds, and then leave the other bed empty, to provide that patient with the privacy of a private room. This practice essentially converts semi-private rooms into private rooms without decreasing the licensed bed count as is common for older facilities, which may account for the lower occupancy rate. In addition, the occupancy rates may also be lower as a result of patient choice in selecting updated facilities or facilities that are closer to home. On the other hand, Wharton Nursing Home, the other CCRC in Cumberland County, maintains a greater than 90% occupancy rate and, per the Applicant's conversation with their admissions coordinator, experiences a 50% deflection rate based on bed unavailability.

**6. Section C, Need, Item 3 (Service Area)**

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

**RESPONSE:** Please see the completed chart below:

<i>Variable</i>	<i>Cumberland County</i>	<i>Tennessee</i>
<b><i>Current Year (2014), Age 65+</i></b>	15,838	981,984
<b><i>Projected Year (2016), Age 65+</i></b>	15,852	1,042,071
<b><i>Age 65+, % Change</i></b>	+0.088%	+6.12%
<b><i>Age 65+, % Total (2016)</i></b>	26.91%	15.53%
<b><i>CY, Total Population</i></b>	57,815	6,588,698
<b><i>PY, Total Population</i></b>	58,913	6,710,579
<b><i>Total Pop. % Change</i></b>	+.%	+.%
<b><i>TennCare Enrollees (2014)</i></b>	10,569	1,223,192
<b><i>TennCare Enrollees as a % of Total Population</i></b>	18.28%	18.565%
<b><i>Median Age</i></b>	48.3	38
<b><i>Median Household Income</i></b>	\$44,453	\$54,737
<b><i>Population % Below Poverty Level</i></b>	16.4%	17.3%

**7. Section C, Need, Item 5.**

Your response is noted. Please complete the following tables:

**RESPONSE:** Please see the completed tables below:



**Cumberland County Nursing Home Utilization-2012**

Name	Lic. Beds	Beds-MCARE only-certified	Beds-Dually Certified	Beds Level 1 certified MCAID	Licensed Only Beds Non-Certified	SNF MCARE ADC	Level 2 MCAID ADC	skilled All other Payors ADC	Non-skilled ADC	Total ADC
Fairfield Glade	30	0	30	0	0	13.6	0	10.9	0	24.5
Life Care	122	0	122	0	0	19.0	55.2	15.1	0	89.3
Wyndridge	157	0	157	0	0	19.7	.52	.40	113.03	133.65
Wharton	62	0	62	0	0	0	0	0	58.3	58.3
<b>Total</b>	<b>371</b>	<b>0</b>	<b>371</b>	<b>0</b>	<b>0</b>	<b>52.3</b>	<b>55.72</b>	<b>26.4</b>	<b>171.33</b>	<b>305.75</b>

Source: Nursing Home JAR, 2012 (legend: Medicare=MCARE; TennCare/Medicaid=MCAID)

**Cumberland County Nursing Home Utilization Trends-2010-2012**

Facility	Licensed Beds	2010 Patient Days	2011 Patient Days	2012 Patient Days	'10- '12 % change	2010 % Occupancy	2011 % Occupancy	2012 % Occupancy
Fairfield Glade	30	N/A	434	8,930	+1957.6%	N/A	4.0%	81.6%
Life Care	122	29,279	31,127	32,604	+11.36%	65.8%	69.9%	73.2%
Wyndridge	157	51,403	49,980	48,787	-5.01%	89.7%	87.2%	85.1%
Wharton	62	22,138	22,241	21,264	-3.95%	97.8%	98.28%	93.96%
<b>Total</b>	<b>371</b>	<b>102,820</b>	<b>103,782</b>	<b>111,585</b>	<b>+8.52%</b>	<b>82.6%</b>	<b>76.64%</b>	<b>82.4%</b>

Source: Nursing Home JAR, 2010-2012

**Service Area Patient Accommodation Mix-2012 JAR**

Nursing Home	Licensed Beds	Total Private Beds	Total Semi-Private Beds	Total Companion Beds	Ward Beds
Fairfield Glade	30	30	0	0	0
Life Care	122	8	114	0	0
Wyndridge	157	9	148	0	0
Wharton	62	26	36	0	0
<b>Service Area Totals</b>	<b>371</b>	<b>73</b>	<b>298</b>	<b>0</b>	<b>0</b>

Source: Nursing Home JAR, 2012

**8. Section C, Need, Item 6.**

Your response to this item is noted.

Review of the 2012 Joint Annual report revealed admissions by source as follows: hospital 165; home 18; assisted living 2 and transfers from other NF 2. Based on the apartments and assisted living units being added on the campus in conjunction with this nursing home project, one might expect admissions from those sources to increase. On the other hand, hospital referrals may remain at historical levels of 90% based on the projected nursing home bed need. Please discuss the changes to the nursing home's sources of patient admissions that are anticipated as a result of the project.



**RESPONSE:** The Applicant expects that its primary source of referrals will continue to be local hospitals. However, with the planned expansion of the senior living apartments and assisted living units if the project is approved, the Applicant expects a substantial increase in the number of residents admitted from within the CCRC.

Please complete the following tables:

**RESPONSE:** Please see the completed tables below:

**Proposed 30 beds -Projected Utilization**

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	30	30	10.3	0	18.1	.1	28.5	95%
2	30	30	10.3	0	18.1	.1	28.5	95%

\* Includes dually-certified beds

**60 Bed Facility-Projected Utilization**

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	60	60	17.3	5.3	22.4	0	45	75%
2	60	60	18.4	5.6	24	0	48	80%

\* Includes dually-certified beds

## 9. Section C, Economic Feasibility, Item 1 (Project Cost Chart)

The letter dated June 26, 2014 from Geoff Haskell, AIA is noted. However, please include reference to compliance with the federal, state and local construction codes, standards, specifications, and requirements that apply to the project such as the 2010 AIA Guidelines for Design and Construction of Healthcare Facilities.

**RESPONSE:** A replacement letter from Geoff Haskell is included as Attachment 9.

Since the deed provided in the application attests to the applicant's site control and 23 acres is noted in the plot plan, what accounts for the \$235,000 land acquisition cost in Line B.3 of the chart? Please clarify.

**RESPONSE:** The Applicant has allocated the \$235,000 to the project based on its acquisition cost for the property. The Applicant's initial certificate of need application for the existing 30 bed facility contained the same \$235,000 allocation.

## 10. Section C, Economic Feasibility, Item 2 (Funding)

The response is noted. Review of the 7/11/2014 letter from the CFO of the parent company revealed that project will be financed through a combination of cash reserves and tax-exempt bonds. Reference to financing with tax exempt bonds was not indicated in line 2.B on page 37 nor mentioned in the remarks nor was the



required documentation provided in the application from an underwriter or investment banker. Please explain.

**RESPONSE:** A replacement letter from ELGSS's CFO is included as Attachment 10.

### 11. Section C, Economic Feasibility, Item 3

Your response is noted. HSDA construction costs are noted in the table provided below from the "Applicant's Toolbox" on the HSDA website. Please provide a comparison of the project to same.

#### Nursing Home Construction Cost Per Square Foot

Years: 2011 – 2013

	Renovated Construction	New Construction	Total Construction
1 <sup>st</sup> Quartile	\$25.00/sq ft	\$152.80/sq ft	\$94.55/sq ft
Median	\$55.00/sq ft	\$167.31/sq ft	\$152.80/sq ft
3 <sup>rd</sup> Quartile	\$101.00/sq ft	\$176.00/sq ft	\$167.61/sq ft

Source: CON approved applications for years 2011 through 2013

**RESPONSE:** The project's construction costs compare favorably with constructions costs of similar projects recently approved by the HSDA. As previously noted, new construction costs are \$4,092,145, or 62.8% of total project cost. The construction cost is \$149.86 per square foot. As reflected in the table above, the new construction cost is below the 1<sup>st</sup> quartile of \$152.80 per square foot and below the \$152.80 median for total construction costs for statewide nursing home construction projects from 2011 to 2013.

### 12. Section C, Economic Feasibility, Item 4 (Historical Data Chart)

Review of the applicant's 2012 JAR for the January 1, 2012 to December 31, 2012 reporting period revealed approximately \$157,187 in net operating revenues and \$460,883 in expenses (less depreciation). What accounts for the significant differences from the amounts provided in your Historical Data Chart?

**RESPONSE:** As noted, the Applicant's 2012 JAR is incorrect. The Applicant's Historical Data Chart is the correct statement of operating revenues and expenses. The Applicant will contact the Office of Health Statistics to correct the error in its 2012 JAR.

What is being depreciated in line D.5 of the chart for the existing 30 bed facility?

**RESPONSE:** In 2011 through 2013, depreciable items included the CCRC's skilled nursing facility building, assisted living facility building, cottages and senior housing units, as well as the improvements within those buildings such as sprinkler system, flooring, cabinets, doors and HVAC system within those buildings, certain furniture, fixtures, and equipment, vehicles, and landscaping. The historical data chart contains the financials of the entire CCRC, not just the skilled nursing facility.

Please verify the calculations for deductions from Gross Operating Revenue for Year 2011. If needed, please include any revisions on the historical data chart and resubmit.



**RESPONSE:** There were no bad debts in 2011 as this was the Applicant's first year of operation when the facility was only at four percent occupancy for the year. The amount of bad debt has increased proportionately with the increase in occupancy.

**13. Section C, Economic Feasibility, Item 4 - Projected Data Chart**

Please explain why the gross charge amounts in the 2 charts are different than the \$426.56 provided in the response on page 38 of the application.

**RESPONSE:** The Applicant's response on page 38 was incorrect. Please find attached as Attachment 13(a) a replacement page 38 with the corrected gross charge amounts.

Why are there no provisions for charity care in the Projected Data Charts?

**RESPONSE:** It is not ELGSS's policy to allocate or project charity care (or charitable allowance as it is referred to by ELGSS) unless a strong need exists. Of course, the Applicant will not turn patients away for inability to pay; however, ELGSS's internal proforma approval process does not allow for projections for charitable allowance.

Please explain what is being depreciated in Line D.5 of the chart.

**RESPONSE:** For the 30 bed project only, the \$164,090 per year in depreciation cost is calculated by dividing the \$5,579,071 project cost by 34 years to reflect straight-line depreciation. For the total 60 bed facility, the \$439,697 per year in depreciation reflects the \$164,090 for the new 30 beds plus \$275,607 per year for the existing 30 bed facility based upon projections from November 2013 internal reports.

What accounts for the \$441,274 of fees to affiliates on line D.8.a? of the chart? Why is this amount approximately \$190,000 higher than CY2013? Please explain.

**RESPONSE:** The fees to affiliates are based upon percentage of revenue and comprise the management fee and technology user fee, both of which are billed to the facility from the ELGSS corporate office as a means of revenue to offset support given to the facility from the corporate office. Based upon 2013 data, the facility averaged 28.2 residents per day and the projected data reflects an increase in residents per day by 60%. The accurate amount of fees to affiliates in the projected data chart should be \$232,000.

Please find enclosed as Attachment 13(b) the revised Projected Data Charts, which also include a Year Three Projected Data Chart for 2018. Because ELGSS is a non-profit, they are very conservative with projections. Accordingly, the Applicant is also submitting the projections for 2018 to reflect that the project will be economically feasible at the end of Year Three to take into account its conservative occupancy projections.

**14. Section C, Economic Feasibility, Item 5**



The net charge of \$426.56 is higher than the average gross charge in the response. Please revise the amounts. In your response, please explain the difference from the gross charge amounts reflected in the 2 Projected Data Charts on page 18.a and 18.b of the application. These amounts are provided in the table below (note: the gross charge amounts are derived from inpatient gross revenues and average daily census identified in each of your Projected Data Charts).

**Applicant's Average Gross Charge Amounts**

Year	30 bed addition	60 bed addition
2016	\$333.67	\$332.75
2017	\$340.35	\$339.41

*Note: the average gross charge is merely a calculation of the projected Gross Operating Revenue in the Projected Data Chart divided by the projected patient days. Explain the reasons for the differences in these amounts.*

**RESPONSE:** As previously noted in Question 13, the previously-submitted calculation of average gross charge amounts was incorrect. The replacement page 38 contained in Attachment 13(a) is consistent with the HSDA's gross charge amount chart set forth above.

**15. Section C, Economic Feasibility, Item 8**

The response appears to reflect that the parent company may provide funding to cover any operational losses. Given the losses documented in the Historical Data Chart for 2012 or approximately -\$355,390 after depreciation, fees to affiliates and capital, it appears that the parent company would have needed to provide support from cash reserves or capital contributions. Please briefly describe the level of support provided previously and the expectations for repayment by the applicant that might apply in future periods, if any.

**RESPONSE:** As of December 31, 2013, ELGSS had \$23.5 million in cash and cash equivalents. However, ELGSS has an additional \$441.8 million in investments that are also available to meet the financial obligations of ELGSS and its facilities, which includes the Applicant. Therefore, a total of \$465.3 million of cash and investments is in reserve and available to meet any obligation of ELGSS and the Applicant.

Of the \$441.8 million in investments available for any use, \$379.1 million is listed in the current assets section of the December 31, 2013 audited balance sheet. The remaining amount of unencumbered investments of \$62.7 million is included in the Assets Limited as to Use section of the 2013 audited balance sheet that totals \$108.4 million. The \$62.7 million considered available for any purpose are investments restricted by management only and may be unrestricted for any use management may determine to be best for ELGSS. Following Generally Accepted Accounting Principles results in the classification of funds that are restricted as to use by parties outside of ELGSS being combined with funds that are restricted by management even though the funds restricted by management would be available for any obligation of ELGSS, including operational losses. ELGSS pays all expenses on behalf of the Applicant. At this time, ELGSS does not expect repayment for expenses and cash support; however, leadership of the Applicant are held accountable for attaining operational excellence, which, in time, benefits the Applicant as well as ELGSS as a whole.

**16. Section C. (Economic Feasibility) Item 9**



Your response is noted. Although TennCare is not noted here, page 34 of the application identifies a Medicaid payor mix averaging 5 patients per day in CY2015. Are these amounts reflected in the Projected Data Chart? If so, what is the estimated dollar amount of revenue in the first year of the project?

**RESPONSE:** Yes. The total estimated Medicaid revenue is \$358,860 in the first year of the project (2016) for the 60-bed facility. In 2017, the estimated Medicaid revenue is \$390,440.

With no TennCare patient admissions reflected in 2014 or earlier, what accounts for the change in this project?

**RESPONSE:** As the facility has been up and running since 2011, the number of patients that are transitioning to TennCare will be increasing. The facility is currently working with patients that are transitioning from private pay to TennCare funds once private funds have been exhausted. At this time, the Applicant has one resident that is pending approval for TennCare benefits. The Applicant expects that the patient will receive full approval and transition to TennCare soon. In addition, there are three families that have raised the issue of transitioning to TennCare. One of the patients has applied and has a spend down. The other two patients intend to apply in 2015. Due to its charitable mission, the Applicant will not refuse accommodations to patients that transition to TennCare from other payor sources. The Applicant expects more of these transitions as the facility continues to operate.

**17. Section C, Orderly Development, Item 3.**

The response is noted. Review of the 2012 JAR revealed approximately 33 nursing full time equivalent positions (FTE) and 14 FTE "other health" positions for a total of 47 FTE that provided direct patient care services in 2012. Based on the staff schedule provided on page 43, it appears that there are approximately 48 FTE direct care staff for the 60 bed nursing home. Please explain why there appears to be no increase in direct care staffing?

**RESPONSE:** The Applicant currently has approximately 21 FTE direct care staff for the existing 30 bed facility. If approved, the Applicant will add approximately 22.7 FTE direct care staff, for a total of 43.7 FTEs as noted in the chart below:



Department	Description	Existing 30-Beds	Added 30-Beds	Total 60-Beds	Current	Anticipated
		FTE's/Week	Hours/Week	Hours/Week	Pay/Hour (1)	Pay/Hour (2)
Administration	Administrator	0.475	0.325	0.8	\$ 36.05	\$ 38.25
	HR Director	0.65	0.1	0.75	\$ 19.50	\$ 20.69
	Administrative Secretary	0.25	0.5	0.75	\$ 11.99	\$ 12.72
	Office Manager	0.35	0.275	0.625	\$ 16.82	\$ 17.84
	Staff Development	0.5	0.4	0.9	\$ 19.99	\$ 21.21
	Chaplain (Volunteers)	0	0	0	\$ -	\$ -
Marketing	Marketing Director	0.025	0.1	0.125	\$ 23.07	\$ 24.47
	Marketing Coordinator	0.1	0.05	0.15	\$ 27.27	\$ 28.93
Nursing	Staff Scheduler	0	0.5	0.5	\$ 18.47	\$ 19.59
	Director of Nursing	1	0	1	\$ 31.25	\$ 33.15
	MDS Coordinator	1.075	0.925	2	\$ 27.60	\$ 29.28
	Charge Nurse LPN	7.725	0.95	8.675	\$ 18.47	\$ 19.59
	Charge Nurse RN	2.825	5.925	8.75	\$ 26.13	\$ 27.72
	Certified Nursing Assistant	6.675	14.825	21.5	\$ 10.06	\$ 10.67
	Restorative Nursing Aide	1.775	0	1.775	\$ 10.33	\$ 10.96
	Driver	0.5	0.25	0.75	\$ 9.50	\$ 10.08
	Director of HIM	1	0	1	\$ 17.71	\$ 18.79
Health Information	Unit Health Information	0	0	0	\$ 12.85	\$ 13.63
Activities	Activity Director	0.925	0.575	1.5	\$ 12.84	\$ 13.62
Social Services	Director of Social Services	1	0	1	\$ 16.82	\$ 17.84
	Admissions Coordinator	1.4	0.1	1.5	\$ 22.21	\$ 23.56
Laundry	Laundry Asst/Trans Duty	1.25	0.75	2	\$ 10.06	\$ 10.67
Housekeeping	Housekeeping Assistant	0.75	0.75	1.5	\$ 9.66	\$ 10.25
Dietary	Director of Dietary	0.475	0	0.475	\$ 23.76	\$ 25.21
	Dietary Supervisor	0.3	0.7	1	\$ 14.45	\$ 15.33
	Dietician	0.175	0.125	0.3	\$ 50.00	\$ 53.05
	Dietary Assistant	3.375	0	3.375	\$ 9.31	\$ 9.88
	Dishwasher	0.275	0.225	0.5	\$ 8.65	\$ 9.18
Operations/Maintenance	Director of Environmental	0.175	0.025	0.2	\$ 22.97	\$ 24.37
	Environmental Assistant	0.05	0	0.05	\$ 9.01	\$ 9.56
	Maintenance Tech	0.35	0.25	0.6	\$ 13.01	\$ 13.80
Resource Development	Resource Devel. Staff	0.05	0.05	0.1	\$ 24.03	\$ 25.49
Totals		35.475	28.675	64.15		

(1) Current Pay/Hour From May Labor Analysis - Ending 5/31/14

(2) Anticipated Pay/Hour Determined by Adding a 3% Pay Increase for 2015 and 2106 (with 2016 as the year of opening the new beds)

## 18. Section C, Orderly Development, Item 7

The applicant states it has not been cited for any deficiencies. However, review of the Nursing Home Compare site of the Department of Health website reflects that the applicant was surveyed on May 30, 2013 with 7 deficiencies noted. Additionally, the



**July 24, 2014**

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site notes that a complaint survey occurred in October 2013. While the applicant's overall rating on Nursing Home Compare was "Much Above Average" (5 of 5 stars), it does appear that deficiencies were noted by TDH. Please document correction of these surveys with copy of appropriate correspondence from TDH.

**RESPONSE:** The Applicant apologizes for the oversight. Please see Attachment 18(a), which contains all documentation related to the May 30, 2013 survey.

In addition, please also provide a copy of the applicant's most recent survey conducted by TDH on May 29, 2014, with documentation of TDH's acceptance of the nursing home's plan of correction, should any deficiencies have been noted.

**RESPONSE:** Please see Attachment 18(b), which contains the documentation of the May 29, 2014 survey and plan of correction. Please note that the Applicant expects to receive changes to the plan of correction from TDH based upon a meeting between the Applicant and TDH on July 23, 2014. The Applicant will supplement its response to this question immediately upon receipt of the revised plan of correction from TDH.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60<sup>th</sup>) day after written notification is September 18, 2014. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file.



Mr. Michael D. Brent  
July 24, 2014  
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**SUPPLEMENTAL #1**

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**4:27 pm**

Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Jeff Grimm  
Health Services Examiner

Enclosure/PJG



**July 24, 2014**

**4:27 pm**

**AFFIDAVIT**



July 24, 2014

4:27 pm

AFFIDAVITSTATE OF ~~TENNESSEE~~ South DakotaCOUNTY OF MinnehahaNAME OF FACILITY: Good Samaritan Society - Fairfield Glade

I, Raye Nae Nylander, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Raye Nae Nylander  
Signature/Title

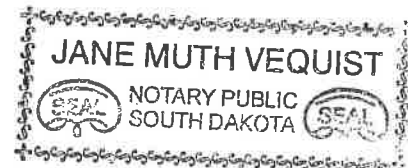
Sworn to and subscribed before me, a Notary Public, this the 24<sup>th</sup> day of July, 2014,  
witness my hand at office in the County of Minnehaha, State of ~~Tennessee~~ South Dakota

Jane Muth Vequist  
NOTARY PUBLIC

My commission expires 6-15-15

HF-0043

Revised 7/02





**July 24, 2014**

**4:27 pm**

**ATTACHMENT 5(a)**

**Letters of Support from Local Hospitals**



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**COOKEVILLE REGIONAL  
MEDICAL CENTER**

*The Proven Choice*

1 Medical Center Boulevard • Cookeville, TN 38501

931.528.2541

For proven care, visit [www.crmhcauth.org](http://www.crmhcauth.org)

**July 24, 2014**

**4:27 pm**

July 22, 2014

To Whom It May Concern:

I'm expressing support for Good Samaritan Skilled Nursing Facility to obtain additional beds. At Cookeville Regional Medical Center we frequently have patients request Good Samaritan but they cannot accept them and they have to go elsewhere.

Please feel free to call me if you have questions. My number is 931-783-2667

Sincerely,

Monika Bowman, M.A.  
Social Service Coordinator  
931-783-2667  
Fax: 931-783-5610



**July 24, 2014**

**4:27 pm**

**ATTACHMENT 10**

**Letter from ELGSS's CFO**



**July 24, 2014**

**4:27 pm**

4800 West 57th Street  
P.O. Box 5038  
Sioux Falls, SD 57117-5038

Phone: 605-362-3100  
Fax: 605-362-3309  
[www.good-sam.com](http://www.good-sam.com)

July 24, 2014

Melanie Hill, Executive Director  
Tennessee Health Services and Development Agency  
600 Deadrick Street, Suite 850  
Nashville, TN 37243

Dear Melanie:

This letter is to inform you that the funds needed to construct thirty (30) additional skilled beds at Good Samaritan Society – Fairfield Glade, TN, will be available to the Society.

The cost of this project will initially be paid by a short term revolving line of credit as is done for all of the Society's capital expenditures. Permanent financing will be thru the Society's excess cash reserves and tax-exempt bonds. Tax-exempt bonds are obtained thru the Society's annual financing thru issuance by Colorado Housing Finance Authority, a multi-state issuer. The Society is rated thru Moody's at A+ and thru Standard and Poors at A- which allows for lower interest rates and is a desirable purchase by bond buyers. The Society's 2013 audited financial statements are included in this application for your reference.

If you have any questions or are in need of additional information please contact Greg Amble, Director of Development, at [gamble@good-sam.com](mailto:gamble@good-sam.com) or 605-362-3108.

Sincerely,



Raye Nae Nylander  
Executive Vice President, CFO and Treasurer



**July 24, 2014**

**4:27 pm**

**ATTACHMENT 18(a)**

**Documentation Related to May 30, 2013 and October 21, 2013 Surveys**



07/03/2013 10:07

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(FAX) July 24, 2014 P.002/016  
 4:27 pm PRINTED: 08/12/2013  
 FORM APPROVED  
 OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
 CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38550		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 000	INITIAL COMMENTS  An annual Recertification survey and complaint investigation #31384, and #31747 were completed on May 30, 2013, at Good Samaritan Society at Fairfield Glade. No deficiencies were cited related to complaint investigation #31747. Deficiencies were cited related to complaint #31384 under 42 CFR Part 483, Requirements for Long Term Care Facilities, 483.13(o)(1)(II)-(III), (o)(2) - (4)	F 000		7-14-13	
F 225 SS=D	INVESTIGATE/REPORT ALLEGATIONS/INDIVIDUALS  The facility must not employ individuals who have been found guilty of abusing, neglecting, or mistreating residents by a court of law; or have had a finding entered into the State nurse aide registry concerning abuse, neglect, mistreatment of residents or misappropriation of their property; and report any knowledge it has of actions by a court of law against an employee, which would indicate unfitness for service as a nurse aide or other facility staff to the State nurse aide registry or licensing authorities.  The facility must ensure that all alleged violations involving mistreatment, neglect, or abuse, including injuries of unknown source and misappropriation of resident property are reported immediately to the administrator of the facility and to other officials in accordance with State law through established procedures (including to the State survey and certification agency).  The facility must have evidence that all alleged violations are thoroughly investigated, and must prevent further potential abuse while the investigation is in progress.	F 225	F 225  1. C.N.A #3 and #2 are no longer employed at facility thus interviews are not able to be conducted at this time for a complete investigation 2. All residents have the potential to be affected by this deficiency 3. Re-education was provided to all staff on GSS Abuse and Neglect Policy and Procedure by 6-19-13. 4. A sampling of residents will be interviewed and audited using QIS interviews from section "G" and "H" from the Resident Interview and Resident Observation questions. GSS #401 (Accident and Incident Report Forms) will be audited for three months to ensure that allegations of neglect are thoroughly investigated and immediately reported to the Facility Administrator. Results will be reported to the Quality Assurance Committee for evaluation of effectiveness of improvement measures.		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Agency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that the safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 60 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.



07/05/2013 10:07

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(FAX) July 24, 2014 P.003/016  
 4:27 pm FORM APPROVED  
 OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  448606	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 225	Continued From page 1  The results of all investigations must be reported to the administrator or his designated representative and to other officials in accordance with State law (including to the State survey and certification agency) within 5 working days of the incident, and if the alleged violation is verified appropriate corrective action must be taken.	F 225	F225 MDS Coordinator has reviewed residents care plans and updated as needed. Resident #7 care plan has been updated to address toileting schedule. In-service was done by the DNS on answering call lights timely and updating care plans on 6-26-2013.  <i>DNS = Directors of Nursing Services.</i>		
	This REQUIREMENT is not met as evidenced by: Based on medical record review and interview, the facility failed to thoroughly investigate an allegation of neglect for one (#7) of twenty-four residents reviewed.  The findings included:  Review of a facility investigation dated March 12, 2013, revealed on March 8, 2013, resident #7 reported to Certified Nurse Assistant (CNA #2) that on the previous shift, CNA #3 had told the resident that it would be awhile before the resident could be assisted to the bathroom, to just use the incontinence brief the resident had on, and the staff would change it later. Continued review revealed CNA #2 reported to Licensed Practical Nurse (LPN) #1 the resident's concerns and the LPN reported the resident's concerns to administration.  Continued review of the facility investigation dated March 12, 2013, revealed written statements from LPN #1 and CNA #2, and a verbal statement from the resident, no statements from CNA #3 (accused), or CNA #4 (CNA who				



07/05/2013 10:08

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(FAX) **July 24, 2014** P. 004/016  
**4:27 pm** PRINTED: 00/11/2013  
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DEPARTMENT OF HEALTH AND HUMAN SERVICES  
 CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445608	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38658		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 225	<p>Continued From page 2          worked the shift with CNA #3 March 6, 2013).</p> <p>Interview on May 28, 2013, at 2:30 p.m., in          resident #7's room with resident #7, revealed the          resident uses the call light to seek assistance to          the bathroom. Continued interview revealed the          resident could not recall the incident on March 6,          2013, but did reveal the resident frequently has to          wait for assistance to the toilet.</p> <p>Interview on May 29, 2013, at 3:05 p.m., in the          Nandina dining area with CNA #4 revealed CNA          #4 was not asked to provide a statement          regarding the neglect allegation for March 6,          2013. Continued interview revealed          approximately 20 minutes before the end of the          shift, resident #7 did turn the call light on and          CNA #3 went to the resident's room. When CNA          #3 returned to the desk no comments were made          as to what the resident needed. Continued          interview revealed CNA #4 had worked for          several months with CNA #3 and CNA #4 had          never heard CNA #3 tell a resident to use the          brief to toilet instead of taking a resident to the          bathroom. Continued interview also revealed          resident #7 used the call light to get assistance to          the bathroom and would occasionally call for          assistance too late.</p> <p>Interview with the Director of Nursing (DON) on          May 29, 2013, at 3:30 p.m., in the conference          room revealed CNA #3 and CNA #2 were no          longer employed by the facility, and the DON          confirmed the investigation from the March 6,          2013, allegation of neglect was not thoroughly          investigated.</p> <p>C/O #31384</p>	F 225			



07/05/2013 10:08

 (FAX) July 24, 2014 P.005/016  
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 DEPARTMENT OF HEALTH AND HUMAN SERVICES  
 CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445508	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 280 SS=D	<p>483.20(d)(3), 483.10(k)(2) RIGHT TO PARTICIPATE PLANNING CARE-REVISE CP</p> <p>The resident has the right, unless adjudged incompetent or otherwise found to be incapacitated under the laws of the State, to participate in planning care and treatment or changes in care and treatment.</p> <p>A comprehensive care plan must be developed within 7 days after the completion of the comprehensive assessment; prepared by an interdisciplinary team, that includes the attending physician, a registered nurse with responsibility for the resident, and other appropriate staff in disciplines as determined by the resident's needs, and, to the extent practicable, the participation of the resident, the resident's family or the resident's legal representative; and periodically reviewed and revised by a team of qualified persons after each assessment.</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review and interview, the facility failed to update a care plan for one resident (#71) of twenty-four residents reviewed.</p> <p>The findings included: Resident #71 was admitted to the facility on March 23, 2013, with diagnoses including ORIF (Open Reduction Internal Fixation) of Hip, Acute Kidney Failure, Hypertension, Hypothyroidism, and Parkinson's Disease.</p>	F 280	<p>F280</p> <p>1. Care plan for resident #71 was updated by the MDS Coordinator on 05/31/2013 to reflect resident's change of condition and current care needs.</p> <p>2. All residents have the potential to be affected by this deficiency</p> <p>3. Re-education was provided to all licensed nursing staff on GSS Care Planning policy and procedure with the direction to update resident's care plan immediately with changes in condition / changes in care needs by 6-27-13.</p> <p>4. Care plans will be audited by Director of Nursing weekly X 4 week, then monthly X 2 months. Results will be reported to the Quality Assurance Committee for evaluation of effectiveness of improvement measures.</p>	7-14-13	



07/05/2013 10:08

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(FAX) July 24, 2014 P. 006/016  
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DEPARTMENT OF HEALTH AND HUMAN SERVICES  
 CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445508	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 280	Continued From page 4 Medical record review of a Physician's note dated March 24, 2013, revealed the resident "...is now chronic (kidney) failure..." Continued review of the Physician's note from that date revealed the resident had been receiving hemodialysis to treat the kidney failure, however "...decided not to resume HD (hemodialysis) so (res) has been on comfort care..."  Medical record review of the Care Plan revealed "...Alteration in health status...renal dialysis..." which had been discontinued. Continued review of the Care Plan revealed no update to include the resident's change in status related to discontinuation of hemodialysis.	F 280	F280 All care plans have been reviewed by the MDS Coordinator and updated as needed. In-service on change in condition was done by the DNS on 6-27-13. <i>DNS - Director of Nursing Services</i>		
F 312 SS=D	Interview with the Director of Nursing (DON) and Minimum Data Set Coordinator (MDS) on May 30, 2013, at 10:00 a.m., in the Conference Room, confirmed the Care Plan had not been updated to reflect the change in medical status of the resident. The DON and MDS Coordinator confirmed they would expect the Care Plan to have been updated to reflect the discontinuation of dialysis services.  483.25(e)(3) ADL CARE PROVIDED FOR DEPENDENT RESIDENTS  A resident who is unable to carry out activities of daily living receives the necessary services to maintain good nutrition, grooming, and personal and oral hygiene.  This REQUIREMENT is not met as evidenced by: Based on medical record review, observation,	F 312			



07/05/2013 10:08

201

## SUPPLEMENTAL #1

(FAX) July 24, 2014 P. 007/016  
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 OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445508	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38668		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 312	<p>Continued From page 5</p> <p>and interview, the facility failed to ensure toileting assistance was provided for one resident (#7) and failed to provide nail care for one (#37) resident of twenty four residents reviewed.</p> <p>The findings included:</p> <p>Review of a facility investigation dated March 12, 2013, revealed on March 6, 2013, resident #7 reported to Certified Nurse Assistant (CNA #2) that on the previous shift, CNA #3 had told the resident that it would be awhile before the resident could be assisted to the bathroom, to just use the incontinence brief the resident had on, and the staff would change it later.</p> <p>Interview on May 28, 2013, at 2:30 p.m., in resident #7's room with resident #7, revealed the resident uses the call light to seek assistance to the bathroom. Continued interview revealed the resident could not recall the incident on March 6, 2013, but did reveal the resident frequently has to wait for assistance to the toilet.</p> <p>Interview on May 29, 2013, at 3:05 p.m., in the Nandina dining area with CNA #4 revealed resident #7 used the call light to get assistance to the bathroom.</p> <p>Resident #37 was admitted to the facility on February 28, 2012, with diagnoses including Dementia, Chronic Pain, and Delusions.</p> <p>Medical record review of Care Plan dated April 25, 2013, revealed the resident required assistance with all activities of daily living including bathing, grooming, oral care, and required finger foods for meals.</p>	F 312	<p>F312</p> <p>1. Resident #7 is being provided assistance to toilet when requested. Resident #37 had hands washed and fingernails cleaned on 05/30/2013. Resident #37 care plan was updated to include hand washing with nail care after each meal.</p> <p>2. All residents dependent on staff for ADL assistance have the potential to be affected by this deficiency.</p> <p>3. Re-education was provided to all C.N.A. staff by staff development coordinator on assisting residents timely with ADL assistance by 6-27-13.</p> <p>4. A sample of residents requiring staff assistance with ADLs will be interviewed regarding timely assistance with toileting. Residents grooming will be observed 2 X weekly for 4 weeks, then weekly X 1 month. Results will be reported to the Quality Assurance Committee for evaluation of effectiveness of improvement measures.</p>	7-14-13	



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 OMB NO. 0938-0391

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
 CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  446606	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 312	Continued From page 8  Observation on May 28, 2013, at 11:50 a.m., in the Nandina dining area revealed the resident sitting in the wheelchair and all ten fingernails had debris under the nail tips.  Observation on May 28, 2013, at 12:15 p.m., in the Nandina dining area revealed the resident feeding self pieces of bread with the fingers and all ten fingernails had debris under the nail tips.	F 312	F312 MDS coordinator assessed all Residents for ADLs and care plans were updated as needed. DNS in-serviced nursing staff on 6-26 and 6-27 on residents who are dependent on staff for ADLs such as toileting, hand and nail care, ie,  <i>ADLs - Activities of Daily Living</i>  <i>Dns - Director of Nursing Services</i>		
	Observation on May 29, 2013, at 10:15 a.m., in the Nandina dining area revealed the resident sitting at the table waiting for breakfast and all ten fingernails had debris under the nail tips.  Observation on May 29, 2013, at 10:30 a.m., in the Nandina dining area revealed the resident feeding self bacon and pancakes with the fingers and all ten fingernails had debris under the fingernails. Observation on May 29, 2013, at 12:10 p.m., in the Nandina dining area revealed the resident sitting in the wheelchair near the dining room table and all ten fingernails had debris under the nail tips and Certified Nurse Assistant (CNA) #1 was feeding the resident lunch.  Interview and observation on May 30, 2013, at 10:30 a.m., in the Nandina dining area with CNA #1 revealed the resident seated at the table with oatmeal, toast, and chocolate ensure for breakfast. Observation revealed all ten fingernails had debris under the nail tips and the resident was feeding self toast. Continued interview with CNA #1 confirmed the resident eats with the fingers and debris was present under the nail tips.				



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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445508	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 312	Continued From page 7 C/O #31384	F 312			
F 323 SS=D	483.25(h) FREE OF ACCIDENT HAZARDS/SUPERVISION/DEVICES  The facility must ensure that the resident environment remains as free of accident hazards as is possible; and each resident receives adequate supervision and assistance devices to prevent accidents.	F 323	F323 1. Resident #2 care plan was updated on 05/30/2013 with appropriate fall prevention interventions. A resource list of potential interventions for fall prevention is now posted at each nurse's station.  2. All residents at risk for falls have the potential to be affected by this deficiency. 3. Re-education was provided to licensed nurses on individualizing resident's care plan to include fall prevention measures by 6-27 4. DNS or designees will audit care plans and observe cares to ensure care plan approaches are being followed weekly X 4 weeks, then monthly X 2 months. 5. Results will be reported to the Quality Assurance Committee for evaluation of effectiveness of improvement measures.	7-14-13	
	This REQUIREMENT is not met as evidenced by: Based on medical record review, review of facility policy, and review of facility investigation, observation, and interview, the facility failed to implement and/or update safety interventions for falls for one resident (#2) of twenty-four residents reviewed.  The findings included:  Resident #2 was admitted to the facility on February 28, 2013, with diagnoses including Alzheimer's Disease with Dementia, History of Falls with Compression Fracture of Lumbar Spine (L1), and Depression.  Medical record review of the 30 Day Minimum Data Set (MDS) assessment dated March 26, 2013, revealed the resident had severe cognitive impairment and poor safety awareness. The resident was ambulatory with the aid of a walker or wheelchair and required extensive staff assistance with transfers and Activities of Daily Living.				



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**SUPPLEMENTAL #1**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES(FAX) **July 24, 2014** P. 010/016  
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445508	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 323	Continued From page 8  Review of facility policy, Fallen or Injured Resident, dated November 2002 and revised October 2012 revealed "...21. monitor the resident's condition and effectiveness of interventions in place to prevent further falls..."  Review of a facility investigation dated April 23, 2013, revealed the resident "...slid from the bed to the floor...on buttock..." Protective floor mats were in place and the resident did not sustain an injury. The post fall intervention implemented was "...remind the resident to ask for assistance with transfers and use the call light for assistance to get out of bed..."  Review of a facility investigation dated May 18, 2013, revealed the resident had a witnessed fall, in the resident's room, at 11:00 p.m. Continued review of the facility investigation revealed a Certified Nursing Assistant (CNA) was passing the resident's room and saw the resident attempt to get out of bed unassisted. The resident slid down the bed and landed on the knees. The personal safety alarm was sounding and fall mats were already in place at the resident's bedside. No injury was identified when assessed by the nurse immediately following the incident.  Observation in the resident's room on May 29, 2013, at 2:00 p.m., revealed the resident rising unassisted from a chair and the personal alarm sounding. Continued observation revealed the staff responded immediately to assist the resident.  Interview with CNA #5 on May 29, at 4:10 p.m., near the Nandina nursing station, confirmed on	F 323	F323 For resident #2 fall interventions-- bed in low position, assist to bathroom, bed alarm. Resident was discharged to home. All care plans were reviewed by the MDS Coordinator and all were updated as needed. DNS in-serviced nursing staff on falls intervention on 6-26 and 6-27.  <i>DNS- Director of Nursing Services</i>		



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DEPARTMENT OF HEALTH AND HUMAN SERVICES  
 CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  446606	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 323	Continued From page 9 May 18, 2013, the CNA was passing the resident's door at the time of the fall, but "...just couldn't get to (resident) fast enough..."  Interview with the Administrator on May 30, 2013, at 3:40 p.m., in the Administrator's office, confirmed the resident had dementia and a known history of falls. The Administrator confirmed the intervention of "...remind the resident to call for assist with transfers/ambulation..." was inadequate to ensure the resident's safety and prevent future falls.	F 323			
F 431 SS=D	483.60(b), (d), (e) DRUG RECORDS, LABEL/STORE DRUGS & BIOLOGICALS  The facility must employ or obtain the services of a licensed pharmacist who establishes a system of records of receipt and disposition of all controlled drugs in sufficient detail to enable an accurate reconciliation; and determines that drug records are in order and that an account of all controlled drugs is maintained and periodically reconciled.  Drugs and biologicals used in the facility must be labeled in accordance with currently accepted professional principles, and include the appropriate accessory and cautionary instructions, and the expiration date when applicable.  In accordance with State and Federal laws, the facility must store all drugs and biologicals in locked compartments under proper temperature controls, and permit only authorized personnel to have access to the keys.	F 431			



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(FAX) July 24, 2014 P. 012/016  
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DEPARTMENT OF HEALTH AND HUMAN SERVICES  
 CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38658		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 431	Continued From page 10 The facility must provide separately locked, permanently affixed compartments for storage of controlled drugs listed in Schedule II of the Comprehensive Drug Abuse Prevention and Control Act of 1976 and other drugs subject to abuse, except when the facility uses single unit package drug distribution systems in which the quantity stored is minimal and a missing dose can be readily detected.	F 431	F 431 1. Expired medications were removed on May 30, 2013. Consulting pharmacist was notified on May 31, 2013. Consulting pharmacist will check medication carts / medication room for expired medications every two weeks. 2. All residents have the potential to be affected by this deficiency. 3. Licensed nurses were re-educated on GSS Procedure on Medication Acquisition, Receiving, Dispensing, and Storage on (date) or by (date). Night shift charge nurse will check medication charts / medication room weekly for expired medications and if expired medications are identified remove them from service and notify pharmacy by 6-27-13 4. Unit managers will audit medication carts / medication room weekly check logs weekly X 4 weeks, then monthly X 2 months. 3. Results will be reported to the Quality Assurance Committee for evaluation of effectiveness of improvement measures.	7-14-13	
	This REQUIREMENT is not met as evidenced by: Based on observation and interview, the facility failed to remove expired medications from the shelf in one of two medication rooms observed.  The findings included:  Observation of the medication room on the Nandina wing on May 30, 2013, at 8:40 a.m., revealed two bottles of Rantidine (antacid) 75 milligrams (mg) with 80 tablets in each with an expiration date of January 2013. Continued observation of the medication room on the Nandina wing revealed two bottles of Rantidine 75 mg with 30 tablets in each with an expiration date of March 2013.  Interview with the Unit Coordinator on May 30, 2013, at 9:45 a.m., in the medication room, confirmed the medications were expired but were still on the shelf and available for resident use.				



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**SUPPLEMENTAL #1**(FAX) **July 24, 2014** P. 013/016  
4:27 pm FORM APPROVED

## Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TN7106	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____  B. WING: _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLA			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38568		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
N 002	1200-8-6 No Deficiencies  An annual Licensure survey and complaint investigation #31384, and #31747 were completed on May 30, 2013, at Good Samaritan Society at Fairfield Glade. No deficiencies were cited under Chapter 1200-8-6, Standards for Nursing Homes.	N 002	F431 DNS educated nursing staff on the importance of removing outdated medications on 6-26 and 6-27.  <i>DNS - Director of Nursing Services</i>		

Division of Health Care Facilities

TITLE

(X6) DATE

A. STATEMENT DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

STATE FORM

6882

EJVL11

If continuation sheet 1 of 1



(FAX) **July 24, 2014** 013/015**4:27 pm** PRINTED: 06/11/2013  
FORM APPROVED

## Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TN7106	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____  B. WING: _____		(X3) DATE SURVEY COMPLETED  05/30/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLA			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
N 002	1200-8-6 No Deficiencies  An annual Licensure survey and complaint investigation #31384, and #31747 were completed on May 30, 2013, at Good Samaritan Society at Fairfield Glade. No deficiencies were cited under Chapter 1200-8-6, Standards for Nursing Homes.	N 002			

Division of Health Care Facilities

TITLE

(X6) DATE

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

STATE FORM

6600

EJVL11

If continuation sheet 1 of 1



07/05/2013 10:10

 (FAX) July 24, 2014 P.015/016  
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 DEPARTMENT OF HEALTH AND HUMAN SERVICES  
 CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING  B. WING _____		(X3) DATE SURVEY COMPLETED  05/28/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38658		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 018 SS=E	<p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Doors protecting corridor openings are constructed to resist the passage of smoke. Doors are provided with positive latching hardware. Dutch doors meeting 18.3.6.3.6 are permitted. Roller latches are prohibited. 18.3.6.3</p>	K 018	<p>K018</p> <p>1. We have ordered Hager 726S Smoke Seal to place on T115 door's upper portion where it has a 3/4" gap when the door is closed. Placement of the Hager 726 Smoke Seal will be placed on the door to secure the smoke barrier.</p>	7-14-13	
K 025 SS=E	<p>This STANDARD is not met as evidenced by: Based on observations, it was determined the facility failed to maintain the corridor openings.</p> <p>The findings included:</p> <p>On 5/28/13 at 11:15 AM, observation within resident room T115 revealed the upper portion of the entry door had a three quarter (3/4") inch gap when the door was in closed position.</p> <p>This finding was acknowledged by the Administrator and verified by the Maintenance Director during the exit interview on 5/28/13.</p> <p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Smoke barriers are constructed to provide at least a one-hour fire resistance rating in accordance with 8.3. Smoke barriers may terminate at an atrium wall. Windows are protected by fire-rated glazing or by wired glass panels in approved frames. A minimum of two separate compartments are provided on each floor. Dampers are not required in duct penetrations of smoke barriers in fully ducted heating, ventilating, and air conditioning systems. 18.3.7.3, 18.3.7.5, 18.1.6.3</p>	K 025	<p>2. All residents has the potential to be affected by this deficiency</p> <p>3. The ED (Environmental Director) will audit once a month for three months to ensure that all doors meets Life Safety Code NFPA 101 for three months.</p> <p>4. Results will be reported to the Quality Assurance Committee for evaluation of effectiveness of improvement measures</p>		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*Lucy Montandon* Administrator 6-21-13

A deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.



(FAX) July 24, 2014 P. 016/016

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FORM APPROVED  
OMB NO. 0938-0391DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING  B. WING _____		(X3) DATE SURVEY COMPLETED  05/28/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 025	Continued From page 1  This STANDARD is not met as evidenced by: Based on observations, it was determined the facility failed to protect the fire and smoke barriers.	K 025	K025 1. We have placed fire caulking (which is approved by NAPA 101 Safety Life Code) around the 2" diameter drain pipe and the 1/2" conduit pipe (Tulip 100 Hall) to meet NFPA 101 Life Safety Code. 2. All residents have the potential to be affected by this deficiency. 3. The ED will audit after each vendor to ensure that they did not penetrate smoke. Caulking if needed will be placed on Barrier walls in order to be in compliance with NFPA 101 Life Safety Code. He will audit for three months and then after each vendor who may penetrate smoke barrier walls. 4. Results will be reported to the Quality Assurance Committee for evaluation of effectiveness of improvement measures.	5-28-13	
	The findings included:  On 6/28/13 at 10:30 AM, observation within the central office area revealed there was a penetration around a two-inch (2") diameter drain pipe in the smoke /fire wall.  On 6/28/13 at 11:45 AM, observation within the ceiling area above the 100 Tulip hall fire doors revealed there was a penetration around a one- half inch (1/2") diameter conduit pipe in the head wall.  These findings were acknowledged by the Administrator and verified by the Maintenance Director during the exit interview on 6/28/13.				



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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July 24, 2014

PRINTED: 10/31/2013

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4:27 pm

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506		(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  C 10/21/2013	
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE				STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558			
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)			ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
F 000	INITIAL COMMENTS			F 000	Disclaimer: Corrective action response does not constitute agreement with survey findings.		
F 226 SS=D	<p>Complaint investigation #32059, and #32622 were completed on October 21, 2013. Deficiencies were cited related to complaint investigation #32059, and #32622, under 42 CFR Part 483, Requirements for Long Term Care. 483.13(c) DEVELOP/IMPLMENT ABUSE/NEGLECT, ETC POLICIES</p> <p>The facility must develop and implement written policies and procedures that prohibit mistreatment, neglect, and abuse of residents and misappropriation of resident property.</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review, review of facility policy, and interview, the facility failed to follow its own policy for misappropriation of resident property for three residents (#3, #5, #8) of eight residents reviewed.</p> <p>The findings included:</p> <p>Resident #3 was admitted to the facility on August 12, 2013, with diagnoses including Septic Left Knee, Type II Diabetes Mellitus, and Pain.</p> <p>Medical record review of a Controlled Substance record revealed on August 30, 2013, at 5:50 p.m., a discrepancy of four Oxycodone-Acetaminophen (controlled substance) 10/325 mg (milligram).</p> <p>Interview with Licensed Practical Nurse (LPN) #5 on October 10, 2013, at 2:43 p.m., revealed a narcotic count of the controlled substances was</p>			F 226	<p>1. Facility will conduct audit by Nov. 29, 2013 of all residents who were receiving narcotic medication during the time frame that LPN #2 was employed. Any resident found to be subject to drug diversion, by LPN #2, will be notified and reimbursed for the cost of medications diverted, by Dec. 5, 2013.</p> <p>2. Facility will ensure that misappropriation of resident's property does not occur by inservicing all staff on abuse and neglect policy and procedure to all staff upon hire and annually.</p>		
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE				TITLE		(X6) DATE	

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

July 24, 2014

4:27 pm

PRINTED: 10/31/2013  
FO RM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____		(X3) DATE SURVEY COMPLETED  C 10/21/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
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F 272	Continued From page 3  A facility must make a comprehensive assessment of a resident's needs, using the resident assessment instrument (RAI) specified by the State. The assessment must include at least the following: Identification and demographic information; Customary routine; Cognitive patterns; Communication; Vision; Mood and behavior patterns; Psychosocial well-being; Physical functioning and structural problems; Continence; Disease diagnosis and health conditions; Dental and nutritional status; Skin conditions; Activity pursuit; Medications; Special treatments and procedures; Discharge potential; Documentation of summary information regarding the additional assessment performed on the care areas triggered by the completion of the Minimum Data Set (MDS); and Documentation of participation in assessment.  This REQUIREMENT is not met as evidenced by: Based on medical record review, review of facility documentation, review of facility policy, observation, and interview, the facility failed to	F 272			



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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**SUPPLEMENTAL #1**

July 24, 2014  
4:27 pm  
PRINTED: 10/31/2013  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  C 10/21/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 272	<p>Continued From page 4</p> <p>complete an elopement assessment on one resident (#1) of five residents reviewed.</p> <p>The findings included:</p> <p>Resident #1 was admitted to the facility on June 24, 2013, with diagnoses including Pneumonia, Alzheimer's Disease, Macular Degeneration, Chronic Kidney Disease, and Depression.</p> <p>Medical record review of the admission Minimum Data Set (MDS) dated July 1, 2013, revealed the resident had severe cognitive impairment, no wandering, and required extensive assistance for locomotion off unit.</p> <p>Review of facility documentation dated July 9, 2013, revealed the resident ambulated with a rolling walker and exited the front doors approximately five feet.</p> <p>Review of the medical record revealed no elopement assessment on admission was completed.</p> <p>Review of facility policy, Elopement, revised July 2008 revealed "...All residents will be assessed for risk of elopement through the pre-admission and/or admission process..."</p> <p>Observation on October 10, 2013, at 9:15 a.m., in the Dining Room revealed the resident sitting on the couch with a rolling walker in front of the resident. Continued observation revealed a wanderguard bracelet in place.</p> <p>Interview with Registered Nurse (RN) #2 on October 10, 2013, at 1:23 p.m., in the Director of Nursing's (DON) Office, revealed no elopement</p>	F 272	<ol style="list-style-type: none"> <li>1. Interdisciplinary team evaluated resident #1 for risk of elopement per GSS policy and procedure. Team determined that resident #1 was at risk for elopement and care plan reviewed and updated.</li> <li>2. All residents will be assessed for elopement risk by the interdisciplinary team by 11/29/13. Care plans will be updated if needed.</li> <li>3. All new residents will be assessed per the GSS Pre Admission Data Collection for risk of elopement.</li> <li>4. DNS or designee will audit all admissions to ensure all potential elopement risks have appropriate care plan interventions weekly x 4, monthly x 2 and quarterly x 4.</li> </ol>		







**July 24, 2014****4:27 pm**PRINTED: 10/31/2013  
FORM APPROVED

## Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TN7106	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____ B. WING: _____		(X3) DATE SURVEY COMPLETED  C 10/21/2013
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GL/			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
N 000	Initial Comments  During complaint investigation #32059, and #32622, conducted on October 10, 2013, at Good Samaritan Society Fairfield Glade, no deficiencies were cited in relation to the complaint under chapter 1200-8-6, Standards for Nursing Homes.	N 000	No corrective action required.		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

0090

HILX11

If continuation sheet 1 of 1



**July 24, 2014**

**4:27 pm**

**ATTACHMENT 18(b)**

**Documentation Related to May 29, 2014 Survey**



**July 24, 2014****4:27 pm**

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STATE OF TENNESSEE  
DEPARTMENT OF HEALTH  
OFFICE OF HEALTH LICENSURE AND REGULATION  
EAST TENNESSEE REGION  
7175 STRAWBERRY PLAINS PIKE, SUITE 103  
KNOXVILLE, TENNESSEE 37914

**IMPORTANT NOTICE - PLEASE READ CAREFULLY**

June 10, 2014

Mr. Gene Wockenfuss, Administrator  
Good Samaritan Society-Fairfield Glade  
100 Samaritan Way  
Crossville TN 38558

RE: 44-5506

Dear Mr. Wockenfuss:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety Code recertification survey/complaint investigation on May 27 - 30, 2014. This letter to you is to serve as notice that as a result of the survey completed May 30, 2014, your facility was not in substantial compliance with the participation requirements of Medicare and/or Medicaid Programs. A statement of deficiencies (CMS 2567) is being provided to you with this letter.

If you do not achieve substantial compliance by **July 14, 2014** (45<sup>th</sup> day), our office will recommend to the Centers for Medicare & Medicaid Services (CMS) and/or the State Medicaid Agency that enforcement remedies be imposed.

All references to regulatory requirements contained in this letter are found in Title 42, Code of Federal Regulations.

**Mandatory Remedies**

If you do not achieve substantial compliance by **August 30, 2014**, (3 months after the last day of the survey identifying noncompliance **May 30, 2014**), the CMS Regional Office and/or State Medicaid Agency must deny payments for new admissions.

We will also recommend to the CMS Regional Office that your Provider Agreement be terminated on **November 30, 2014**, if substantial compliance is not achieved by that time.

Please note that this notice does not constitute formal notice of imposition of alternative remedies or termination of your provider agreement. Should the Centers for Medicare and Medicaid Services determine that termination or any other remedy is warranted, it will provide you with a separate formal notification of that determination.



**July 24, 2014****4:27 pm**

Mr. Gene Wockenfuss, Administrator  
June 10, 2014  
Page 2

**Plan of Correction (POC)**

A POC for the deficiencies must be submitted by **June 20, 2014**. Failure to submit an acceptable POC by **June 20, 2014**, may result in the imposition of remedies by **July 14, 2014**.

Your POC must contain the following:

What corrective action(s) will be accomplished for those residents found to have been affected by the deficient practice;

How you will identify other residents having the potential to be affected by the same deficient practice and what corrective action will be taken;

What measures will be put into place or what systematic changes you will make to ensure that the deficient practice does not recur; and

How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

**INFORMAL DISPUTE RESOLUTION**

In accordance with 488.331, you have one opportunity to question cited deficiencies. You may request a Face to Face IDR for substandard level deficiencies, harm level deficiencies and immediate jeopardy level deficiencies. All other deficiencies will receive a desk review (telephone or written) by the Regional Office that cited the deficiency. These requests must be made within the same 10-calendar day period that you have for submitting an acceptable plan of correction and must contain additional justification as to why the deficiency(ies) should not have been written for harm level deficiencies or other deficiencies that are not substandard or immediate jeopardy. Evidence to dispute the scope and severity levels may only be submitted for substandard or immediate jeopardy deficiencies. Additional information which must be submitted with your request for an IDR is limited to no more than five (5) typed pages with a font size of no less than ten (10). If the facility is requesting a desk review in addition to a face to face IDR, the facility must submit two separate requests with their plan of correction to the State Survey Agency at the address on this letter, telephone 865-594-9396 or fax number 865-594-5739. An incomplete Informal Dispute Resolution process will not delay the effective date of any enforcement action.

If you have any questions, please contact the East Tennessee Regional Office by phone: 865-594-9396 or by fax: 865-594-5739.

Sincerely,

*Karen B. Kirby /ds*

Karen B. Kirby, R.N.  
Regional Administrator  
ETRO Health Care Facilities

KK:afi

Enclosure



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

219

**SUPPLEMENTAL #1**

PRINTED: 06/09/2014  
July 24, 2014  
FORM APPROVED  
4:27 pm  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2014
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 000	INITIAL COMMENTS	F 000			
F 159 SS=C	<p>483.10(c)(2)-(5) FACILITY MANAGEMENT OF PERSONAL FUNDS</p> <p>A recertification survey and complaint investigation #33673 and #33675, were completed on May 27 - 30, 2014, at Good Samaritan Society at Fairfield Glade. No deficiencies were cited related to complaint investigation #33673 and #33675, under 42 CFR Part 483, Requirements for Long Term Care Facilities.</p> <p>Upon written authorization of a resident, the facility must hold, safeguard, manage, and account for the personal funds of the resident deposited with the facility, as specified in paragraphs (c)(3)-(8) of this section.</p> <p>The facility must deposit any resident's personal funds in excess of \$50 in an interest bearing account (or accounts) that is separate from any of the facility's operating accounts, and that credits all interest earned on resident's funds to that account. (In pooled accounts, there must be a separate accounting for each resident's share.)</p> <p>The facility must maintain a resident's personal funds that do not exceed \$50 in a non-interest bearing account, interest-bearing account, or petty cash fund.</p> <p>The facility must establish and maintain a system that assures a full and complete and separate accounting, according to generally accepted accounting principles, of each resident's personal funds entrusted to the facility on the resident's behalf.</p>	F 159	<p>Preparation and execution of this response and plan of correction does not constitute an admission or agreement by the provider of the truth of the facts alleged or conclusions set forth in the statement of deficiencies. The plan of correction is prepared and/or executed solely because it is required by the provisions of federal and state law. For the purposes of any allegation that the center is not in substantial compliance with federal requirements of participation, this response and plan of correction constitutes the center's allegation of compliance in accordance with section 7305 of the State Operations Manual.</p> <p><b>F- 159 – Facility Management of Personal Funds</b></p> <p>1. Nine residents were identified as having resident trust fund accounts. None of the residents requested nor were denied money from their accounts.</p> <p>2. All residents having an account have the potential to be affected by this deficiency. Residents having the potential to be affected by the same deficient practice will be</p>		
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE			TITLE		(X6) DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that the safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

220

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NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
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F 159	<p>Continued From page 1</p> <p>The system must preclude any commingling of resident funds with facility funds or with the funds of any person other than another resident.</p> <p>The individual financial record must be available through quarterly statements and on request to the resident or his or her legal representative.</p> <p>The facility must notify each resident that receives Medicaid benefits when the amount in the resident's account reaches \$200 less than the SSI resource limit for one person, specified in section 1611(a)(3)(B) of the Act; and that, if the amount in the account, in addition to the value of the resident's other nonexempt resources, reaches the SSI resource limit for one person, the resident may lose eligibility for Medicaid or SSI.</p> <p>This REQUIREMENT is not met as evidenced by: Based on observation, review of resident trust fund accounts, and interview, the facility failed to ensure residents had ready access to their personal funds for nine of nine residents with trust accounts.</p> <p>The findings included:</p> <p>Observation on May 27, 2014, at 10:04 a.m., revealed a sign on the front facility admission desk stating resident trust accounts are accessible "...Monday through Friday from 8:00 am to 4:00 pm."</p> <p>Review of resident trust accounts and Interview with the Admission Assistant on May 29, 2014, at 10:47 a.m., in the Assistant's office, confirmed resident personal funds are not available outside</p>	F 159	<p>Cont. F 159 – Facility Management of Personal Funds</p> <p>identified by interviewing all residents or responsible parties who have a RTA (Resident Trust Account.) Interviewing will be completed by 8/1/14. Funds have been available 24 hours a day, seven days a week beginning 6/19/14.</p> <p>3. The facility will keep RTA funds at the nurse's station to have available for residents during non-business hours. The business office manager will count and reconcile these funds twice a week to ensure the funds are in balance with sufficient amount for disbursement to the residents.</p> <p>4. Business office manager or designee will audit RTA funds weekly x 4, monthly x 2 months and quarterly x 3 thereafter. Audit findings will be reviewed at quality committee for further recommendations.</p> <p>5. Facility will be in compliance by 7/4/14.</p>		



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F 159	Continued From page 2 normal business hours of 8:00 a.m. to 4:00 p.m., as the sign stated,	F 159			
F 166	483.10(f)(2) RIGHT TO PROMPT EFFORTS TO RESOLVE GRIEVANCES  A resident has the right to prompt efforts by the facility to resolve grievances the resident may have, including those with respect to the behavior of other residents.  This REQUIREMENT is not met as evidenced by: Based on review of resident grievance reports and interview, the facility failed to ensure resident grievances were resolved timely for two residents (#11, #43) of fourteen residents reviewed.  The findings included:  Review of Resident Council Minutes dated May 12, 2014, revealed the Resident Council had expressed concerns with the temperature of food.  Interview with resident #11 on May 28, 2014, at 9:37 a.m., and resident #43 on May 27, 2014, at 3:39 p.m., during stage 1 of the survey revealed both residents had concerns with cold food.  Interview with the Director of Nursing (DON) on May 30, 2014, at 10:47 a.m., in the DON's office, confirmed the facility had failed to resolve grievances related to the cold food.	F 166	<b>F 166 – Right to Prompt Efforts to Resolve Grievances</b> 1. Resident #11 and #43 concerns regarding cold food were resolved with the dietary staff. Dietary staff received re-education on proper temperature of food on 5/28/14. Future concerns will be documented on a concern/suggestion form at the time reported and addressed. 2. All residents have the potential to be affected by this deficiency. Residents having the potential to be affected by the same deficient practice will be identified by reviewing the past six months of resident council meeting minutes to determine if any grievances were voiced, and if so, were the grievances addressed. Grievances found not to be addressed will be investigated. Compliance will be achieved by 8/1/14. 3. Social Service Director has been re-educated by Administrator on Grievance, Complaints or Concerns procedure on 6/18/14. Corrective action was also given to Social Service Director on 6/18/14. All resident council minutes will be reviewed by Administrator. All grievance reports will be reviewed by Administrator and respective department leader to ensure		
F 226	483.13(c) DEVELOP/IMPLEMENT ABUSE/NEGLECT, ETC POLICIES  The facility must develop and implement written policies and procedures that prohibit	F 226			



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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F 226	<p>Continued From page 3</p> <p>mistreatment, neglect, and abuse of residents and misappropriation of resident property.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on interview, review of a facility investigation, and review of facility policy, the facility failed to thoroughly investigate an allegation of abuse for one resident (#43) of twenty-four sampled residents.</p> <p>The findings included:</p> <p>Resident #43 was admitted to the facility on June 13, 2013, with diagnoses including Cerebrovascular Accident, Hemiplegia, Arthritis, Rehabilitation, Restless Leg Syndrome, Hypothyroidism, and Parkinson's Disease.</p> <p>Interview with resident #43 on May 27, 2014, at 3:24 p.m., in the resident's room, revealed a nurse working on night shift had told the resident "...will have to cry louder than that..." in response to the resident's complaint of pain. Continued interview with the resident revealed the resident did not know which nurse made the statement, only that it was a nurse on "...the night shift..." Further interview with the resident revealed the resident did not tell facility staff regarding the allegation. Continued interview with the resident revealed the incident had occurred when the resident was first admitted to the facility.</p> <p>Interview with the Director of Nursing (DON) on May 27, 2014, at 4:15 p.m., in the DON's office, confirmed the DON was not aware of the allegation of abuse the resident had made to the</p>	F 226	<p>Cont. F 166 – Right to Prompt Efforts to Resolve Grievances</p> <p>concerns are being addressed timely. Resident Council Meeting Minutes will be reviewed at QA meeting.</p> <p>4. All grievance reports will be audited for proper investigation and correction by Administrator or designee weekly x 4, monthly x 2 and quarterly x 3. Audit findings will be reviewed at quality committee for further recommendations.</p> <p>5. Facility will be in compliance 7/4/14.</p> <p><b>F 226 – Development/Implement Abuse/Neglect, Etc. Policies</b></p> <p>1. Both nurses that worked the shift at the time of the alleged abuse are no longer employed by the facility.</p> <p>2. All residents have the potential to be affected by this deficiency. Residents having the potential to be affected by the same deficient practice will be identified by a review of the Suggestion or Concern forms and Incident Report forms for the past six months. Any residents found to be affected by the deficient practice will have</p>		



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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**SUPPLEMENTAL #1**

July 24, 2014

4:27 pm

06/09/2014

FORM APPROVED

CMB NO. 0938-0391

STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

445506

(X2) MULTIPLE CONSTRUCTION

A. BUILDING

B. WING

(X3) DATE SURVEY  
COMPLETED

05/30/2014

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY

CROSSVILLE, TN 38558

(X4) ID  
PREFIX  
TAG

SUMMARY STATEMENT OF DEFICIENCIES  
(EACH DEFICIENCY MUST BE PRECEDED BY FULL  
REGULATORY OR LSC IDENTIFYING INFORMATION)

ID  
PREFIX  
TAG

PROVIDER'S PLAN OF CORRECTION  
(EACH CORRECTIVE ACTION SHOULD BE  
CROSS-REFERENCED TO THE APPROPRIATE  
DEFICIENCY)

(X5)  
COMPLETION  
DATE

F 226

Continued From page 4

surveyor during interview earlier in the day.  
Continued interview confirmed the DON would  
initiate an investigation regarding the resident's  
allegation of abuse.

Interview with the DON on May 28, 2014, at 10:15  
a.m., in the DON's office, revealed "...I looked into  
the allegation..." Continued interview revealed,  
"...both nurses..." who were working during the  
time period of the abuse allegation "...are no  
longer with us...so I can't do anything else with  
that..." Further interview with the DON revealed  
the DON had also notified the Director of Social  
Services regarding the abuse allegation, and the  
Director of Social Services "...has more info..."

Interview with the Director of Social Services on  
May 29, 2014, at 9:03 a.m., in the Social Services  
office, revealed the Director of Social Services  
had "...asked (the resident) about it..." Continued  
interview with the Social Services Director  
confirmed during interview with the resident the  
incident had occurred "...first couple of weeks..."  
after the resident had been admitted to the  
facility, and confirmed the resident had no  
recollection of which nurse made the statement.

Interview with the Social Services Director  
confirmed the Social Services Director had  
spoken with the DON and it had been determined  
the two nurses working during the time frame of  
the allegation were no longer working for the  
facility. Further interview with the Director of  
Social Services revealed the Social Services  
Director interviewed only the resident "...I just  
talked to the resident because it has been so long  
ago...I would have talked to other residents if it  
hadn't been so long ago..." Continued interview  
with the Social Services Director confirmed the  
Social Services Director was the Abuse

F 226

Cont. F 226 -

Development/Implement  
Abuse/Neglect, Etc. Policies

their suggestion or concern or  
incident reinvestigated.

Compliance will be achieved by  
8/1/14.

3. All staff will be re-educated by  
Staff Development Coordinator,  
Social Worker or Rehab/Skilled  
Consultant regarding abuse and  
neglect reporting and process for  
investigation by 7/3/14.

All new staff will be given  
Abuse/Neglect Policy and  
Procedure training at orientation  
and all staff will receive  
Abuse/Neglect training annually.  
Rehab/Skilled Consultant re-  
educated Administrator, Social  
Worker and DNS 6/19/14 on state  
reporting process and investigation  
process.

4. Resident concern and suggestion  
forms and incident reports will be  
audited weekly x 4, monthly x 2  
months, and then quarterly x 3 by a  
Quality Committee member or  
designee to ensure investigation  
and required reporting is completed  
according to facility policy. Audit  
results will be reported to the  
quality committee for further  
recommendation.



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

224

**SUPPLEMENTAL #1**

PRINTED: 06/09/2014  
July 24, 2014  
FORM APPROVED  
4:27 pm  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED  05/30/2014
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NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY  
CROSSVILLE, TN 38558

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
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F 226: Continued From page 5

Coordinator for the facility and was responsible for the completion of abuse investigations.

Review of the facility investigation revealed a handwritten copy of two statements provided by the facility as the investigation conducted by the facility of the abuse allegation. Continued review of the facility investigation revealed a statement from the DON was obtained "...You're going to scream louder than that if you want pain medication..." and a statement from the resident was obtained by the Social Services Director, "...that happened when I first got here. It isn't a problem now...doesn't recall names or dates..." Further review of the facility investigation revealed the DON had "...spoke with resident about incident checked June 13th schedule. Both night nurses at that time have been dismissed..."

Review of facility policy, Abuse and Neglect, revised July 2012 revealed, "...1. If a staff member receives an allegation of abuse...the staff member will immediately report this to a supervisor and complete sections A through D of the Incident Details on the Incident Report...The investigation may include interviewing staff, residents or other witnesses to the incident...Interview all involved (staff, resident and family) individually...If possible, get signed and dated statements from any witnesses..."

Interview with the Social Services Director on May 29, 2014, at 1:10 p.m., in the Conference Room confirmed the handwritten copy of the statement from the resident and the statement from the DON was the completed investigation of the allegation of abuse. Continued interview with the Social Services Director confirmed the investigation of the allegation was completed and

F 226

Cont. F 226 -  
Development/Implement  
Abuse/Neglect, Etc. Policies

5. Facility will be in compliance  
7/4/14.



CENTERS FOR MEDICARE & MEDICAID SERVICES

225

**SUPPLEMENTAL #1**

July 24, 2014

4:27 pm

PRINTED: 06/09/2014

DATE APPROVED

OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

445506

(X2) MULTIPLE CONSTRUCTION

A. BUILDING

B. WING

(X3) DATE SURVEY  
COMPLETED

05/30/2014

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY

CROSSVILLE, TN 38558

(X4) ID  
PREFIX  
TAG

SUMMARY STATEMENT OF DEFICIENCIES  
(EACH DEFICIENCY MUST BE PRECEDED BY FULL  
REGULATORY OR LSC IDENTIFYING INFORMATION)

ID  
PREFIX  
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PROVIDER'S PLAN OF CORRECTION  
(EACH CORRECTIVE ACTION SHOULD BE  
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DEFICIENCY)

(X5)  
COMPLETION  
DATE

F 226 Continued From page 6

no further investigation was to be conducted at the time of the interview. Further interview with the Social Services Director confirmed the Social Services Director had interviewed the resident only, had not conducted any other interviews with other residents or staff members, and had not obtained any witness statements from other residents or staff members. Continued interview with the Director of Social Services confirmed the Social Services Director had not completed an Incident Report, or conducted interviews per facility policy and confirmed the facility had failed to thoroughly investigate an allegation of abuse.

F 279  
SS=D 483.20(d), 483.20(k)(1) DEVELOP  
COMPREHENSIVE CARE PLANS

A facility must use the results of the assessment to develop, review and revise the resident's comprehensive plan of care.

The facility must develop a comprehensive care plan for each resident that includes measurable objectives and timetables to meet a resident's medical, nursing, and mental and psychosocial needs that are identified in the comprehensive assessment.

The care plan must describe the services that are to be furnished to attain or maintain the resident's highest practicable physical, mental, and psychosocial well-being as required under §483.25; and any services that would otherwise be required under §483.25 but are not provided due to the resident's exercise of rights under §483.10, including the right to refuse treatment under §483.10(b)(4).

F 226

F 279

**F 279 -Develop Comprehensive  
Care Plans**

1. Care plan for resident #16 was updated on 5/28/14 with most recent interventions for dementia, and Resident #13 was discharged.

2. Any resident with a change in condition or incident/accident has the potential to be affected by this deficiency, and care plans will be updated as per policy. All current residents care plans will reviewed by interdisciplinary team member and updated if indicated by 6/27/14.



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

226

**SUPPLEMENTAL #1**

PRINTED: 06/09/2014

July 24, 2014 APPROVED

4:27 pm OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

445506

(X2) MULTIPLE CONSTRUCTION

A. BUILDING \_\_\_\_\_

B. WING \_\_\_\_\_

(X3) DATE SURVEY  
COMPLETED

05/30/2014

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY  
CROSSVILLE, TN 38558

(X4) ID  
PREFIX  
TAG

SUMMARY STATEMENT OF DEFICIENCIES  
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PROVIDER'S PLAN OF CORRECTION  
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CROSS-REFERENCED TO THE APPROPRIATE  
DEFICIENCY)

(X5)  
COMPLETION  
DATE

F 279 Continued From page 7

This REQUIREMENT is not met as evidenced  
by:

Based on medical record review and interview,  
the facility failed to develop a comprehensive  
care plan for depression for one resident (#16),  
and failed to develop a care plan addressing  
weight and fluid status of one resident (#13) of  
twenty-four sample residents reviewed.

The findings included:

Resident #16 was admitted to the facility on May  
25, 2012, and readmitted September 5, 2013,  
with diagnoses including, Senile Dementia,  
Idiopathic Peripheral Neuropathy, and Depressive  
Disorder.

Medical record review of the Quarterly Minimum  
Data Set (MDS) dated February 24, 2014,  
revealed the resident had an admitting diagnosis  
of dementia.

Medical record review of the care plan dated May  
28, 2014, revealed the resident was not care  
planned for dementia.

Interview with the Unit Coordinator on May 29,  
2014, at 2:18 p.m., in the conference room  
confirmed the resident was not care planned for  
depression.

Resident #13 was admitted to the facility on  
January 3, 2014, and discharged from the facility  
on February 1, 2014, with diagnoses including  
Rehabilitation, Anemia, Aftercare Following Joint  
Replacement, Depressive Disorder, Anxiety  
Disorder, and Vitamin Deficiency.

Medical record review of a nurse's note dated

F 279

Cont.

F 279 -Develop Comprehensive  
Care Plans

3. DNS or designee will review all  
change in conditions and review  
care plans for accuracy Monday  
thru Friday at daily clinical  
meeting. All Licensed nurses will  
be re-educated by Rehab/Skilled  
Consultant, DNS or designee  
regarding Policy and procedure for  
Dementia, fluid/weight changes,  
change of condition and care plan  
approaches by 7/4/14.

4. Audit will be conducted by DNS  
or designee on care plan updates,  
and inclusion on the C.N.A. Kardex  
weekly x 4 weeks, monthly x 2  
months, and then quarterly x 3.  
Audit results will be reported to the  
quality committee for further  
recommendation.

5. Facility will be in compliance  
7/4/14.



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

227

**SUPPLEMENTAL #1**

July 24, 2014

4:27 pm

PRINTED: 06/09/2014

APPROVED

OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2014
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 279	Continued From page 8  January 3, 2014, revealed the resident had one plus (1+) pitting edema to lower extremities and large amounts of drainage from the resident's surgical wound.  Medical record review of a nurse's note dated January 6, 2014, revealed the resident continued to have 1+ pitting edema to the resident's right foot.  Medical record review of a Nutritional Assessment dated January 6, 2014, revealed the resident had a moderate decrease in food intake over the past 3 months and was considered to be normal nutritional status.  Medical record review of a Dietary Admit/Readmit Data Collection Tool dated January 6, 2014, revealed the resident was on a regular diet, no fluid restrictions, and was on no nutritional supplements. Continued review revealed the resident had an intake of less than fifty percent (50%) for most meals since admission. Further review revealed the dietician would "...adjust dining services to honor resident..."  Medical record review of a Dietary Note dated January 6, 2014, revealed the resident had a change in weight "... (resident) has gained weight since surgery and thinks it is from fluid..." Further review revealed the resident's documented normal weight as 140 pounds.  Medical record review of an Admission Assessment Minimum Data Set (MDS) dated January 10, 2014, revealed the resident scored a 15 on the Brief Interview for Mental Status (BIMS) indicating the resident was cognitively intact, and required extensive, to limited assistance with	F 279			



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

228

**SUPPLEMENTAL #1**

STATEMENT OF DEFICIENCIES  
ID PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

445506

(X2) MULTIPLE CONSTRUCTION

A. BUILDING \_\_\_\_\_

B. WING \_\_\_\_\_

July 24, 2014 0391

4:27 pm

(X3) STATE SURVEY  
COMPLETED

05/30/2014

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY  
CROSSVILLE, TN 38558

(X4) ID  
PREFIX  
TAG

SUMMARY STATEMENT OF DEFICIENCIES  
(EACH DEFICIENCY MUST BE PRECEDED BY FULL  
REGULATORY OR LSC IDENTIFYING INFORMATION)

ID  
PREFIX  
TAG

PROVIDER'S PLAN OF CORRECTION  
(EACH CORRECTIVE ACTION SHOULD BE  
CROSS-REFERENCED TO THE APPROPRIATE  
DEFICIENCY)

(X5)  
COMPLETION  
DATE

F 279 Continued From page 9

activities of daily living (ADLs). Continued review revealed the resident's weight was documented as 148 pounds.

Medical record review of MDS dated January 17, 2014, revealed the resident scored a 14 on the BIMS, indicating the resident was cognitively intact, and had increased in functional capacity to limited assist and supervision only. Continued review revealed the resident's weight was documented as 139 pounds (4.7% loss in 7 days).

Medical record review of the care plan, initiated January 17, 2014, revealed no care plan developed to address the resident's fluid/weight status.

Interview with the Unit Coordinator on May 30, 2014, at 2:36 p.m., in the Conference Room revealed the resident was followed by the dietician and confirmed the resident had a significant decrease in weight since admission. Continued interview with the Unit Coordinator confirmed the resident's weight fluctuations were assessed and documented in nursing and dietician notes as fluid loss from the resident's recent hospital stay. Further interview and review of the resident's care plan with the Unit Coordinator confirmed the resident's fluid/weight status should have been addressed on the plan of care and confirmed the facility had failed to develop a care plan addressing the fluid/weight status of the resident.

F 280 483.20(d)(3), 483.10(k)(2) RIGHT TO  
SS-0 PARTICIPATE PLANNING CARE-REVISE CP

The resident has the right, unless adjudged

F 279

F 280

F 280 - Right to Participate  
Planning Care - Revise CP



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

229

**SUPPLEMENTAL #1**

PRINTED: 06/09/2014  
**July 24, 2014** APPROVED

OMB NO. 0938-0391

4:27 pm

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2014
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 280	<p>Continued From page 10</p> <p>Incompetent or otherwise found to be incapacitated under the laws of the State, to participate in planning care and treatment or changes in care and treatment.</p> <p>A comprehensive care plan must be developed within 7 days after the completion of the comprehensive assessment; prepared by an interdisciplinary team, that includes the attending physician, a registered nurse with responsibility for the resident, and other appropriate staff in disciplines as determined by the resident's needs, and, to the extent practicable, the participation of the resident, the resident's family or the resident's legal representative; and periodically reviewed and revised by a team of qualified persons after each assessment.</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review and interview, the facility failed to provide an accurate care plan for two resident's (#16, #44) of twenty-four residents reviewed.</p> <p>The findings included:</p> <p>Resident #44 was admitted to the facility on June 24, 2013, with diagnoses including Chronic Kidney Disease, Alzheimer's Disease, Macular Degeneration, and Hypertension</p> <p>Medical record review of the care plan initiated December 18, 2013, revealed the care plan did not have revisions or interventions in place relating to falls that occurred on October 20,</p>	F 280	<p><b>F 280 – Right to Participate Planning Care – Revise CP</b></p> <p>1. Care plan for resident #16 was current and accurate. Care plans for residents #39 &amp; #44 were updated on 5/28/14 with most recent interventions for falls.</p> <p>2. Any resident with a change in condition or incident/accident has the potential to be affected by this deficiency, and care plans will be updated as per policy. All current residents care plans will reviewed by interdisciplinary team member and updated if indicated by 6/27/14.</p> <p>3. Investigative team will review all falls/ incidents and review care plans for accuracy Monday – Friday at daily clinical meeting. Professional nurses were educated 1:1 while on duty 5/28/14 and 5/28/14 by DNS regarding Policy and Procedure for falls, interventions, and care plan approaches. Licensed nurses not on duty have been educated by phone or next shift. New staff and PRN staff will be educated by the staff development coordinator or</p>		



CENTERS FOR MEDICARE & MEDICAID SERVICES

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**SUPPLEMENTAL #1**

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July 24, 2014

4:27 pm

APPROVED  
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2014
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 280	<p>Continued From page 11</p> <p>2013, December 7, 2013, January 9, 2014, and February 28, 2014.</p> <p>Interview with the Unit Coordinator on May 30, 2014, at 1:10 p.m., at the Tullip nursing station confirmed the facility had failed to revise the care plan for the falls on October 20, 2013, December 7, 2013, January 9, 2014, and February 28, 2014.</p> <p>Resident #39 was admitted to the facility on November 24, 2012, with diagnoses including Alzheimer's disease, Hypertension, and Hypertrophy Prostate without Urinary obstruction, and History of Pulmonary Embolism.</p> <p>Medical record review of the Quarterly Minimum Data Set (MDS) dated February 17, 2014, revealed functional status "...resident required supervision with walking in room, walking in corridor, and locomotion. The resident needed limited assistance with toileting with one person to assist and extensive assistance with personal hygiene..."</p> <p>Medical record review of the MDS further revealed "...balance during transition/walking, moving from seated to standing position, not steady..."</p> <p>Medical record review of the care plan dated January 16, 2014, revealed the resident was at risk for falls due to dementia, confusion, and poor safety awareness.</p> <p>Medical record review revealed the resident fell on May 24, 2014. Review of the Fall Risk Data Collection form dated May 24, 2014, revealed the resident fell due to "...change in functional ability,</p>	F 280	<p>cont.</p> <p><b>F 280 – Right to Participate Planning Care – Revise CP</b></p> <p>DNS prior to working their next scheduled shift.</p> <p>4. Audit will be conducted by DNS or designee regarding fall interventions, care plan updates, and inclusion on the C.N.A. Kardex weekly x 4 weeks, monthly x 2 months, and then quarterly x 3. Audit results will be reported to the quality committee for further recommendation.</p> <p>5. Facility will be in Compliance 7/4/14.</p>		



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

231

**SUPPLEMENTAL #1**

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED  05/30/2014
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE		STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558	

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 280	Continued From page 12 no injuries..."	F 280		
	Review of the care plan dated January 16, 2014, revealed the resident's care plan was not updated after the fall on May 24, 2014.			
	Interview with the Unit Coordinator on May 29, 2014, at 10:45 a.m., in the conference room confirmed the facility had failed to revise care plan after the fall.			
F 282	483.20(k)(3)(ii) SERVICES BY QUALIFIED SS=D PERSONS/PER CARE PLAN	F 282		
	The services provided or arranged by the facility must be provided by qualified persons in accordance with each resident's written plan of care.		<b>F 282 – Services by Qualified Persons/Per Care Plan</b>	
	This REQUIREMENT is not met as evidenced by: Based on medical record review and interview, the facility failed to follow a plan of care for one resident (#43), requiring two person assist with the use of a sit-to-stand lift, of twenty-four sampled residents reviewed.		1. All nursing staff were re- educated on care plan interventions for resident #43 by 5/30/14.	
	The findings included:		2. All residents have the potential to be affected by this deficiency. Residents having the potential to be affected by the same deficient practice will be identified by a review of the mobility care plan to determine appropriate transfer assistance required. Observation of all residents during a transfer will be conducted to ensure adherence to the care plan interventions. Immediate staff correction will be given if care plan interventions are not followed. This audit will be completed by 8/1/14.	
	Resident #43 was admitted to the facility on June 13, 2013, with diagnoses including Essential Hypertension, Restless Leg Syndrome, Obstructive sleep Apnea, Cerebral Artery Occlusion, Paralysis Affecting, Generalized Pain, Cerebral Vascular disease, and Hemiplegia.			
	Medical record review of the most recent Quarterly Minimum Data Set (MDS) dated			



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2014
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLETION DATE	
F 282	Continued From page 13  February 24, 2014, revealed the resident scored 14 on the Brief Interview of Mental Status (BIMS) which indicated the resident was cognitively intact. Continued review of the Quarterly MDS revealed the resident required the assist of two persons with transfers and toileting use.  Medical record review of the care plan initiated on March 13, 2014, revealed, "...resident has an ADL (activity of daily living) self care performance deficit r/t (related to) hemiplegia, stroke o/b (evidenced by) inability to perform ADLs..." Continued review of the plan of care revealed, "...toilet use: resident requires two staff participation to use toilet...stand aide to transfer to toilet..." Further review revealed, "...Transfer: resident requires weight bearing support: stand aid, two staff assist..."  Medical record review of a nurse's note dated May 15, 2014, revealed, "...resident stated (resident) had pulled (self) up using the right side while using the sit to stand lift, like usual, with one assist today, and 'hurt my shoulder.'"  Interview with Cetrified Nursing Assistant (CNA) #1 on May 29, 2014, at 9:57 a.m., in the dining room on Nandina Unit confirmed the resident had to be assisted from the bed to the bathroom with the sit-to-stand lift and confirmed the resident required the use of two staff members when using the lift with the resident.  Interview with Licensed Practical Nurse (LPN) #1 on May 29, 2014, at 10:16 a.m., in the dining room on Nandina Unit revealed the number of staff members required with the use of a lift varies from resident to resident. Continued interview confirmed the use of the sit-to-stand lift	F 282	cont. F 282 - Services by Qualified Persons/Per Care Plan  3. Director of Nursing or designee will provide re-education to all licensed and non-licensed nursing staff regarding following care planned interventions. Competencies for all nursing staff will be completed regarding following care plan interventions by 7/4/14. This competency is included in the new hire packet.  4. DNS / Staff Development Coordinator or designee will observe resident transfers to ensure care is provided as per care plan daily Random audits of observing resident transfers will be completed until all C.N.A.'s have demonstrated competency. These audits will then be completed weekly x 4 weeks, monthly x 2 months and quarterly x 3. Audit results will be reported to the quality committee for further recommendations. 5. Facility will be in compliance 7/4/14.		



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

233

**SUPPLEMENTAL #1**

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4:27 pm OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445508	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED  05/30/2014
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NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY  
CROSSVILLE, TN 38558

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 282	<p>Continued From page 14</p> <p>with resident #43 required the use of two staff members. Further interview with LPN #1 confirmed staff members were to verify the number of staff required by consulting the resident's plan of care which would document the resident's assist status.</p> <p>Interview with LPN #2 on May 29, 2014, at 2:27 p.m., at the nurse station on Tulip Unit confirmed the LPN had documented the use of the sit-to-stand lift with the assist of one staff member on May 15, 2014. Continued interview with LPN #2 confirmed the LPN was informed by the resident on May 15, 2014, only one staff member had assisted the resident in the lift on that day.</p> <p>Interview with CNA #3 on May 30, 2014, at 9:01 a.m., at the nurse station on Tulip, confirmed the CNA had been assigned to care for the resident on several occasions. Continued interview confirmed, "...we always use two people..." with the resident, and confirmed the CNA's were aware of how much assistance a resident would require by verifying the information on the resident's plan of care.</p> <p>Interview with the resident on May 30, 2014, at 10:15 a.m., in the resident's room confirmed the resident remembered being assisted to the bathroom on May 15, 2014. Continued interview revealed the resident remembered being assisted by only one staff on that day. Continued interview revealed the resident had some shoulder pain "...pulled muscle..." however has not had any further pain or discomfort from the incident.</p> <p>Interview with the Unit Coordinator on May 30, 2014, at 10:36 a.m., in the Conference Room confirmed the facility failed to follow the resident's</p>	F 282		



## CENTERS FOR MEDICARE &amp; MEDICAID SERVICES

SUPPLEMENTAL #1

PRINTED: 06/09/2014

FORM APPROVED

OMB NO. 0938-0391

July 24, 2014

4:27 pm

234

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445506	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  05/30/2014
NAME OF PROVIDER OR SUPPLIER  GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE			STREET ADDRESS, CITY, STATE, ZIP CODE 100 SAMARITAN WAY CROSSVILLE, TN 38558		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 282	Continued From page 15 plan of care by utilizing only one staff member with the use of the sit-to-stand lift.	F 282	F 283 - Anticipate Discharge Recap Stay/Final Status		
F 283	483.20(l)(1)&(2) ANTICIPATE DISCHARGE: SS=D RECAP STAY/FINAL STATUS  When the facility anticipates discharge a resident must have a discharge summary that includes a recapitulation of the resident's stay, and a final summary of the resident's status to include items in paragraph (b)(2) of this section, at the time of the discharge that is available for release to authorized persons and agencies, with the consent of the resident or legal representative.  This REQUIREMENT is not met as evidenced by: Based on medical record review, facility policy review, and interview the facility failed to ensure discharge summaries were completed for two residents (#38, #59) of twenty-six discharge records reviewed.  The findings included:  Resident #38 was admitted to the facility on February 4, 2014, and discharged on February 21, 2014, with no documentation of a completed discharge summary.  Resident #59 was admitted to the facility on January 16, 2014, and discharged on January 30, 2014, with no documentation of a completed discharge summary.  Review of facility policy, Discharge, revealed "...Discharge Summary...completed and signed within (30) days of discharge..."	F 283	1. Discharge summary for resident #38 was completed in our EMR (Electronic Medical Record) date of discharge (2/21/14). Discharge summary for resident #59 was completed in our EMR on 6/19/14. Documents were printed and provided to Medical Director for review and signature on 6/20/14. 2. All residents discharging from the facility have the potential to be affected by this deficiency. HIM (Health Information Manager) audited all discharged residents from 1/1/14 to present. 4 additional residents were identified and discharge summaries will be completed by 6/20/14. 3. Rehabilitation Nurse Consultant will provide in-service training to all licensed nurses and HIM regarding discharge summary completion and procedure for physician signature and review 7/2/14 and 7/3/14. 4. DNS or designee will complete discharge audit of all residents discharged summaries weekly x 4 weeks, monthly x 2 months, and then quarterly x 3. Audit results will be reported to the quality committee for further recommendations.		



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

235

**SUPPLEMENTAL #1**

July 24, 2014

4:27 pm

PRINTED: 06/09/2014

FORM APPROVED

OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

445506

(X2) MULTIPLE CONSTRUCTION

A. BUILDING \_\_\_\_\_

B. WING \_\_\_\_\_

(X3) DATE SURVEY  
COMPLETED

05/30/2014

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY

CROSSVILLE, TN 38558

(X4) ID  
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SUMMARY STATEMENT OF DEFICIENCIES  
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PROVIDER'S PLAN OF CORRECTION  
(EACH CORRECTIVE ACTION SHOULD BE  
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DEFICIENCY)

(X5)  
COMPLETION  
DATE

F 283 Continued From page 16

Interview with the Unit Coordinator on May 30, 2014, at 1:45 p.m., in the Director of Nursing's office confirmed the facility had failed to follow it's policy for the completion of discharge summaries.

F 323 483.25(h) FREE OF ACCIDENT  
SS=E HAZARDS/SUPERVISION/DEVICES

The facility must ensure that the resident environment remains as free of accident hazards as is possible; and each resident receives adequate supervision and assistance devices to prevent accidents.

This REQUIREMENT is not met as evidenced by:

Based on medical record review, observation, review of facility investigation, and interview, the facility failed to ensure the initiation of new interventions to protect from injury for two residents (#44, #39) and failed to ensure the proper use of a lift for transferring one resident (#43), of six residents reviewed for accidents.

The findings included:

Resident #44 was admitted to the facility on June 24, 2013, with diagnoses including Chronic Kidney Disease, Alzheimer's Disease, Macular Degeneration, and Hypertension.

Review of a facility investigation dated October 20, 2013, at 2:00 p.m., revealed the resident had a fall and the resident stated "I slid out of my chair and could not get up so I scooted to the doorway

F 283

cont.

F 283 - Anticipate Discharge  
Recap Stay/Final Status

F 323

5. Facility will be in compliance  
7/4/14.

F 323 - Free of Accident  
Hazards/Supervision/Devices

1. Residents #39, #43 and #44 have all had care plans updated with individual interventions in place by 5/29/14.

2. All residents have the potential to be affected by this deficient practice. All residents with a Fall Data Collection score of 16 or above have had a recent fall and all new admissions with a history of falls will have care plans reviewed by MDS coordinator, Unit Manager or designee for fall interventions by 6/27/14.



## CENTERS FOR MEDICARE &amp; MEDICAID SERVICES

SUPPLEMENTAL #1

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OMB NO. 0938-0391

4:27 pm

(X3) DATE SURVEY COMPLETED

05/30/2014

236

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:

445506

(X2) MULTIPLE CONSTRUCTION

A. BUILDING

B. WING

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

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DEFICIENCY)(X5)  
COMPLETION  
DATE

F 323

Continued From page 17

on my bottom." Continued review of the facility investigation revealed "...no apparent unsafe condition...walker...no injury..."

Medical record review of the care plan revealed no new interventions were updated on the care plan following the October 20, 2013, fall.

Review of a facility investigation dated December 7, 2013, at 1:00 p.m., revealed the resident had a fall and "...found in floor...laying I (left) side on floor in front of bathroom...no apparent injury..."

Medical record review of the care plan revealed no new interventions were updated on the care plan following the December 7, 2013, fall.

Review of a facility investigation dated January 9, 2014, at 2:00 p.m., revealed the resident had a fall and "...resident found on the floor at 1400 (2:00 p.m.)...does not remember how...fell...assisted to bed...vital signs taken and were WNL (within normal limits)...no apparent unsafe condition...walker...no injury..."

Medical record review of the care plan revealed no new interventions were updated on the care plan following the January 9, 2014, fall.

Review of a facility investigation dated February 28, 2014, at 8:37 p.m., revealed the resident had a fall and "...resident called out 'help!'...found on floor...stated knees became weak and it caused...fall..."

Medical record review of the care plan revealed no new interventions were updated on the care plan following the February 28, 2014, fall.

F 323

cont.

**F 323 – Free of Accident Hazards/Supervision/Devices**

3. Licensed nurses will be re-educated by the Rehab/Skilled Consultant or DNS by 7/4/14 on completing Mobilization Assessment on each shift following admission, with resident's change of condition affecting mobility, and quarterly, and on updating care plans with changes in resident care needs. Licensed nurses not in attendance will be provided this education by the staff development coordinator or DNS prior to working their next scheduled shift. All C.N.A.s will receive re-education on providing care as per resident's Kardex by 7/4/14 by Rehab/Skilled Consultant, Staff Development Coordinator or DNS.

4. DNS / Staff Development Coordinator or designee will observe resident transfers to ensure care is provided as per care plan daily. Random audits of observing resident transfers will be completed until all C.N.A.'s have demonstrated competency. These audits will then be completed weekly x 4 weeks, monthly x 2



CENTERS FOR MEDICARE & MEDICAID SERVICES

**SUPPLEMENTAL #1**

July 24, 2014  
4:27 pm

(X3) DATE SURVEY COMPLETED

05/30/2014

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:

445506

237

(X2) MULTIPLE CONSTRUCTION

A. BUILDING

B. WING

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY  
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DEFICIENCY)

(X5)  
COMPLETION  
DATE

F 323 Continued From page 18

Review of the quarterly Minimum Data Set (MDS) dated March 10, 2014, revealed the Brief Interview for Mental Status (BIMS) was a score of 9, (indicating the resident to be moderately cognitively impaired), was Independent with ambulation and locomotion, and had recent falls without injury.

Interview with Director of Nursing (DON), Unit Coordinator, and Staff Development Coordinator on May 29, 2014, at 3:25 p.m., in the conference room confirmed the resident is totally Independent and enjoys walking and being up in the halls and outside. Further interview confirmed there is not a trend to the resident's falls or the resident reaching for items and objects.

Interview with the Unit Coordinator on May 30, 2014, at 1:10 p.m., at the Tulip nursing station confirmed the resident was very mobile, was forgetful, and had to be reminded frequently of safety issues. Continued interview with the Unit Coordinator confirmed the facility had failed to ensure new interventions were initiated after multiple falls.

Resident #39 was admitted to the facility on November 24, 2012, with diagnoses including Alzheimer's disease, Hypertension, Hypertrophy Prostate without Urinary obstruction, and History of Pulmonary Embolism.

Medical record review of the care plan dated January 16, 2014, revealed the resident at risk for falls due to dementia, confusion, and poor safety awareness.

F 323

cont.

F 323 - Free of Accident Hazards/Supervision/Devices months and quarterly x 3. Audit results will be reported to the quality committee for further recommendations.

5. Facility will be in compliance 7/4/14.



## CENTERS FOR MEDICARE &amp; MEDICAID SERVICES

SUPPLEMENTAL #1

FORM APPROVED  
CMS NO. 0938-0391

July 24, 2014

4:27 pm

(X3) DATE SURVEY  
COMPLETED

05/30/2014

STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

445506

238

(X2) MULTIPLE CONSTRUCTION

A. BUILDING

B. WING

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY

CROSSVILLE, TN 38558

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COMPLETION  
DATE

F 323

Continued From page 19

Medical record review revealed the resident fell on May 24, 2014. Review of the Fall Risk Data Collection form dated May 24, 2014, revealed the resident fell due to "...change in functional ability...no injuries..."

Review of the care plan dated January 16, 2014, revealed no new interventions were placed after the fall.

Interview with the Unit Coordinator on May 29, 2014, at 10:45 a.m., in the conference room confirmed the facility had failed to place new interventions after the fall.

Resident #43 was admitted to the facility on June 13, 2013, with diagnoses including Cerebrovascular Accident, Hemiplegia, Arthritis, Rehabilitation, Restless Leg Syndrome, Hypothyroidism, and Parkinson's Disease.

Medical record review of the most recent Quarterly Minimum Data Set (MDS) dated February 24, 2014, revealed the resident scored 14 on the Brief Interview for Mental Status (BIMS) which indicated the resident was cognitively intact. Continued review of the Quarterly MDS revealed the resident required the assist of two persons with transfers and toileting use.

Medical record review of the Care Plan Initiated March 13, 2014, revealed, "...resident has an ADL (activity of daily living) self care performance deficit r/t (related to) hemiplegia, stroke e/b (evidenced by) inability to perform ADLs..."

Continued review of the resident's plan of care revealed, "...toilet use: resident requires two staff participation to use toilet...stand aide to transfer to toilet..." Further review revealed, "...Transfer:

F 323



## CENTERS FOR MEDICARE &amp; MEDICAID SERVICES

SUPPLEMENTAL #1

July 24, 2014

4:27 pm

FORM APPROVED  
OMB NO. 0938-0391(X3) DATE SURVEY  
COMPLETED

05/30/2014

STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

445506

239

(X2) MULTIPLE CONSTRUCTION

A. BUILDING \_\_\_\_\_

B. WING \_\_\_\_\_

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY

CROSSVILLE, TN 38558

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DEFICIENCY)(X5)  
COMPLETION  
DATE

F 323 : Continued From page 20

resident requires weight bearing support: stand  
aid, two staff assist..."Medical record review of a nurse's note dated  
May 15, 2014, revealed, "...resident stated  
(resident) had pulled (self) up using the right side  
while using the sit to stand lift, like usual, with one  
assist today, and 'hurt my shoulder.'"Observation of the resident on May 29, 2014, at  
10:09 a.m., in the resident's room revealed the  
resident was assisted from the bed to the  
bathroom using the sit-to-stand lift. Continued  
observation revealed the resident was assisted  
with the help of two staff members, Certified  
Nursing Assistants (CNA) #1 and #2.Interview with CNA #1 on May 29, 2014, at 9:57  
a.m., in the dining room on Nandina Unit,  
confirmed the resident had to be assisted from  
the bed to the bathroom with the sit-to-stand lift,  
and confirmed the resident required the use of  
two staff members when using the lift with the  
resident.Interview with Licensed Practical Nurse (LPN) #1  
on May 29, 2014, at 10:16 a.m., in the dining  
room on Nandina Unit revealed the number of  
staff members required with the use of a lift  
varies from resident to resident. Continued  
interview confirmed the use of the sit-to-stand lift  
with resident #43 required the use of two staff  
members. Further interview with LPN #1  
confirmed staff members were to verify the  
number of staff required by consulting the  
resident's plan of care which would document the  
resident's assist status.

Interview with LPN #2 on May 29, 2014, at 2:27

F 323



## CENTERS FOR MEDICARE &amp; MEDICAID SERVICES

SUPPLEMENTAL #1

STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

445508

240

(X2) MULTIPLE CONSTRUCTION

A. BUILDING \_\_\_\_\_

B. WING \_\_\_\_\_

July 24, 2014

4:27 pm

(X3) DATE SURVEY  
COMPLETED

05/30/2014

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY

CROSSVILLE, TN 38558

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COMPLETION  
DATE

F 323 Continued From page 21

p.m., at the nurse station on Tulp Unit, confirmed the LPN had documented the use of the sit-to-stand lift with the assist of one staff member on May 15, 2014. Continued interview with LPN #2 confirmed the LPN was informed by the resident on May 15, 2014, only one staff member had assisted the resident in the lift on that day.

Interview with CNA #3 on May 30, 2014, at 9:01 a.m., at the nurse station on Tulp, confirmed the CNA had been assigned to care for the resident on several occasions. Continued interview confirmed, "...we always use two people..." with the resident and confirmed the CNA's were aware of how much assistance a resident would require by verifying the information on the resident's plan of care.

Interview with the resident on May 30, 2014, at 10:15 a.m., in the resident's room, confirmed the resident remembered being assisted to the bathroom on May 15, 2014. Continued interview revealed the resident remembered being assisted by only one staff on that day, "...my (spouse) was in the room and I think they thought (the spouse) was going to help but (the spouse) didn't..." Continued interview revealed the resident had some shoulder pain "...pulled muscle...", however has not had any further pain or discomfort from the incident.

Interview with the Unit Coordinator on May 30, 2014, at 10:36 a.m., in the Conference Room confirmed the facility had failed to ensure two staff members were present while utilizing a lift for resident transfer and failed to ensure a lift was operated in a manner to ensure the safety of the resident during a transfer.

F 323



July 24, 2014

4:27 pm

(X3) DATE SURVEY COMPLETED

05/30/2014

STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

TN7106

241

(X2) MULTIPLE CONSTRUCTION

A. BUILDING: \_\_\_\_\_

B. WING: \_\_\_\_\_

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY  
CROSSVILLE, TN 38558(X4) ID  
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(EACH CORRECTIVE ACTION SHOULD BE  
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DEFICIENCY)(X5)  
COMPLETE  
DATE

N 000: Initial Comments

An annual Licensure survey and complaint investigation #33673 and #33675, were completed on May 27 - 30, 2013, at Good Samaritan Society - Fairfield Glade. No deficiencies were cited under Chapter 1200-8-6, Standards for Nursing Homes.

N 000

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

0260

S1E11

If continuation sheet 1 of 1



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

242

**SUPPLEMENTAL #1**

PRINTED: 05/30/2014  
July 24, 2014 APPROVED  
OMB NO. 0938-0391  
4:27 pm

STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

445506

(X2) MULTIPLE CONSTRUCTION  
A. BUILDING 01 - MAIN BUILDING  
B. WING

(X3) DATE SURVEY  
COMPLETED

05/27/2014

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLADE

STREET ADDRESS, CITY, STATE, ZIP CODE  
100 SAMARITAN WAY  
CROSSVILLE, TN 38558

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DEFICIENCY)

(X5)  
COMPLETION  
DATE

K9999

FINAL OBSERVATIONS

Based on observations, testing and records  
review 5/27/14, was determined the facility had  
no life safety deficiencies.

K9999

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.



STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

TN7106

(X2) MULTIPLE CONSTRUCTION

A. BUILDING: 01 - MAIN BUILDING

B. WING

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GL

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY  
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COMPLETE  
DATE

N 843

1200-8-6-.08 (13) Building Standards

(13) Electrical drawings shall include where  
applicable;(a) A seal, certifying that all electrical work and  
equipment is in compliance with all applicable  
codes and that all materials are currently listed by  
recognized testing laboratories;(b) All electrical wiring, outlets, riser diagrams,  
switches, special electrical connections, electrical  
service entrance with service switches, service  
feeders and characteristics of the light and power  
current, and transformers when located within the  
building;(c) An electrical system that complies with  
applicable codes;(d) Color coding to show all items on emergency  
power;

(e) Circuit breakers that are properly labeled; and

(f) Ground-Fault Circuit Interrupters (GFCI) that  
are required in all wet areas, such as kitchens,  
laundries, janitor closets, bath and toilet rooms,  
etc, and within six (6) feet of any lavatory.This Rule is not met as evidenced by:  
Based on observation, it was determined the  
facility failed to comply with applicable codes.

The findings included:

Observation of the beauty shop on 5/27/14

N 843

N 843 - Building Standards

1. The multi-plug adaptor was  
removed and replaced with an  
approved ground fault power strip  
and plug on hair dryer was replaced  
with the ground on 5/27/14.2. All residents have the potential  
to be affected by this deficient  
practice. Maintenance department  
inspected skilled units for all  
ground fault outlets and wet areas.  
No other adaptors were found. No  
other residents were found at risk.3. Beauty shop employees were  
educated on use of approved  
adapters and inspection of  
appliance plugs before use on  
5/27/14, and instructed to notify  
maintenance department if adapter  
is needed. Use of adaptors will be  
included in monthly preventative  
maintenance and will be added to  
TELS for monitoring.4. Maintenance Department will  
complete a safety audit on the  
beauty shop monthly x3 and then  
quarterly to include use of adaptors.  
Audits will be reported to the  
quality committee for  
recommendations.

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

STATE FORM

5592

S1E121

If continuation sheet 1 of 2



STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

TN7106

(X2) MULTIPLE CONSTRUCTION  
A. BUILDING: 01 - MAIN BUILDING

B. WING

NAME OF PROVIDER OR SUPPLIER

GOOD SAMARITAN SOCIETY - FAIRFIELD GLJ

STREET ADDRESS, CITY, STATE, ZIP CODE

100 SAMARITAN WAY  
CROSSVILLE, TN 38558(X4) ID  
PREFIX  
TAGSUMMARY STATEMENT OF DEFICIENCIES  
(EACH DEFICIENCY MUST BE PRECEDED BY FULL  
REGULATORY OR LSC IDENTIFYING INFORMATION)ID  
PREFIX  
TAGPROVIDER'S PLAN OF CORRECTION  
(EACH CORRECTIVE ACTION SHOULD BE  
CROSS-REFERENCED TO THE APPROPRIATE  
DEFICIENCY)(X6)  
COMPLETE  
DATE

N 843

Continued From page 1

revealed, the use of a multi-plug adaptor and a broke ground plug on the hair dryer. National Fire Protection Association (NFPA) 99.8.4.12.5.

The findings were verified by the administrator and acknowledged by the administrator during the exit conference 5/27/14.

N 843

cont.

N 843 - Building Standards

5. Facility will be in compliance by 7/4/14.

N 848

1200-8-6-.08 (18) Building Standards

(18) It shall be demonstrated through the submission of plans and specifications that in each nursing home a negative air pressure shall be maintained in the soiled utility area, toilet room, janitor's closet, dishwashing and other such soiled spaces, and a positive air pressure shall be maintained in all clean areas including, but not limited to, clean linen rooms and clean utility rooms.

This Rule is not met as evidenced by:  
Based on observations, it was determined the facility failed to maintain negative air pressure.

The findings included:

Observation of the kitchen on 2/27/14 revealed, the house keeping closet door will not close within the door frame.

The finding was verified by the maintenance director and acknowledged by the administrator during the exit conference on 5/27/14

N 848

N 848 - Building Standards

1. Applied fire seal to door 6/19/14 and door is now air tight.

2. All fire doors are at risk for this deficient practice. All fire doors in the skilled center were checked for proper closure on 5/27/14 and were found to be in working order and closed properly.

3. All fire doors are checked monthly by the maintenance department and recorded in TELS.

4. Maintenance Department will complete a safety audit on the fire doors monthly x3 and then quarterly. Audits will be reported to the quality committee for recommendations.

5. Facility will be in compliance 7/4/14.



SUPPLEMENTAL  
#2



**July 31, 2014****08:40 am**

Michael D. Brent  
(615) 252-2361  
Fax: (615) 252-6361  
Email: mbrent@babbc.com

July 31, 2014

**VIA HAND DELIVERY**

Mr. Jeff Grimm  
HSDA Examiner  
Tennessee Health Services and Development Agency  
9th Floor, 502 Deaderick Street  
Nashville, Tennessee 37243

**Re: Responses to Second Set of Supplemental Requests: Good Samaritan Society  
– Fairfield Glade (CN1407-031)**

Dear Jeff:

In response to your emailed request for clarifying information and revised pages, please find enclosed Good Samaritan Society – Fairfield Glade's responses to the requested information. Accompanying this letter are an original and two copies of the supplemental responses, along with the supplemental affidavit.

If you or the HSDA staff have any questions or require further information, please contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS

A handwritten signature in dark ink, appearing to read 'MBrent'.

Michael D. Brent

cc: Greg Amble, Evangelical Lutheran Good Samaritan Society





State of Tennessee<sup>247</sup>  
Health Services and Development Agency

Andrew Jackson State Office Building, 9<sup>th</sup> Floor  
502 Deaderick Street, Nashville, TN 37243  
[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364/Fax: 615-741-9884

**SUPPLEMENTAL #2**

**July 31, 2014**

**08:40 am**

July 30, 2014

Mr. Michael D. Brent, Attorney  
Bradley Arant Boult Cummings LLP  
1600 Division Street, Suite 700  
Nashville, TN 37203  
RE: Certificate of Need Application CN1407-031  
Good Samaritan Society-Fairfield Glade

Dear Mr. Brent:

This will acknowledge our July 24, 2014 receipt of your supplemental response pertaining to your application for a Certificate of Need for the addition of 30 Medicare and TennCare dually certified beds to its existing 30 bed nursing home facility for a total of 60 beds. These beds are subject to the 125 Nursing Home Bed Pool for 2014-2015.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

**Please submit responses in triplicate by noon, July 31, 2014.** If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

**1. Section C, Need, Item 5**

The "Service Area Patient accommodation Mix" table in the response is noted. Please revise the licensed bed total for Wharton Nursing Home to reflect 62 beds in lieu of 122 beds.

**RESPONSE:** Please see the revised page 8 of the First Set of Supplemental Responses enclosed as Attachment 1.

**2. Section C, Need, Item 6**

The tables showing projected utilization of the proposed 30 beds from the FY2014-2015 Nursing Home Bed Pool and all 60 beds following completion are noted.

On page 28 of the application, the applicant notes that the occupancy of the 30 bed facility was 94.3% in CY2013 and 95% in CY 2014. This amounts to an average daily census of approximately 28.5 patients per day. With 45 total patients projected in



Year 1, please clarify why the average daily census of the 30 additional proposed beds would not be 16.5 patients per day in Year 1 ( $45 - 28.5 = 16.5$  patients/day).

**RESPONSE:** The Applicant inadvertently completed the chart for the existing 30-bed facility. Please see below the revised projected utilization chart for the proposed 30 bed addition, which reflects 22.5 patients per day in Year One and 24 patients per day in Year Two. The Applicant did not calculate the average daily census of the entire 60-bed facility by assuming that the existing 30 bed facility's census would remain at 95% while the additional 30 beds would account for the additional 16.5 patients to arrive at a 75% occupancy rate (as you noted above). Instead, the Applicant calculated that the projected 45 patient average daily census would be split between the existing 30-bed facility and the additional 30 beds. This is consistent with the Applicant's projected data charts, as well.

**Proposed 30 beds -Projected Utilization**

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	Level 2 Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	30	30	8.1	0	14.3	.1	22.5	75%
2	30	30	8.7	0	15.2	.1	24	80%

\* Includes dually-certified beds

**3. Section C, Economic Feasibility, Item 2 (Funding)**

The 7/24/14 replacement letter from the CFO of the parent company is noted. Please add a reference to financing with tax exempt bonds in line 2.B of the table and submit a replacement page 27-R.

**RESPONSE:** Please find as Attachment 3 a replacement page 37 to add references to financing with tax exempt bonds and a commercial loan in addition to cash reserves.

**4. Section C, Economic Feasibility, Item 4 (Historical Data Chart)**

In explaining the differences between the amounts provided in your Historical Data Chart and the applicant's most recent JAR, the applicant states that the Historical Data Chart is the correct statement of operating revenues and expenses. However, in the next response pertaining to depreciation, the applicant states that the chart contains the financials of the entire CCRC, not just the nursing facility. Is there a separate and distinct historical data chart for just the nursing facility that can be provided to facilitate comparison to the Projected Data Charts in the application? Please clarify.

**RESPONSE:** We apologize for the confusion. The Historical Data Chart previously provided contains only the financials for the skilled nursing facility. The depreciable items include those items depreciated from 2011 through 2013 for the skilled nursing facility component, including the skilled nursing facility building, light system, sprinkler system, flooring, furniture, fixtures, and equipment, and landscaping among other items.



**5. Section C, Economic Feasibility, Item 4 - Projected Data Chart**

There is an error in the table provided in page 38\_R. The row labeled "Average Gross Charge" should contain amounts that are higher than Average Net Charges. Please revise the table.

**RESPONSE:** Please see as Attachment 5(a) the revised replacement page 38.

The reduction in the amounts projected for fees to affiliates on line D.8.a of the four charts is noted. However, there is an error in each of the 4 Projected Data Charts with the amounts the applicant has budgeted for NET OPERATING REVENUE (net operating revenue after deductions should always be lower than gross operating revenue). Because of this error, the applicant's net operating income is significantly overstated in all of the charts. Please revise and resubmit the charts (please also renumber the replacement pages as 18a, 18b, etc.).

**RESPONSE:** Please see Attachment 5(b) for revised Projected Data Charts.

**6. Section C, Economic Feasibility, Item 2**

The replacement letter from the CFO confirms the method of funding from a combination of sources, including a short term line of credit and tax-exempt bonds. Please provide documentation from the commercial lender and bond issuer (Colorado Housing Financing Authority) that attests to their interest and ability in providing funding support for the project.

**RESPONSE:** Please find letters from the commercial lender, U.S. Bank, and the bond issuer, the Colorado Housing Financing Authority, to supplement the letter from the CFO of ELGSS enclosed as Attachment 6.

**7. Section C, Economic Feasibility, Item 5**

The table as confirmed in the response is noted below. However, please note that table provided in question 5, page 38-R of attachment 13(a) will need to be revised to correctly reflect gross and net charges.

**Applicant's Average Gross Charge Amounts**

Year	30 bed addition	60 bed addition
2016	\$333.67	\$332.75
2017	\$340.35	\$339.41

*Note: the average gross charge is merely a calculation of the projected Gross Operating Revenue in the Projected Data Chart divided by the projected patient days.*

**RESPONSE:** Please see Attachment 5(a) and the revised table below:

**Applicant's Average Gross Charge Amounts**

Year	30 bed addition	60 bed addition
2016	\$586.15	\$588.09
2017	\$602.28	\$587.77

*Note: the average gross charge is merely a calculation of the projected Gross Operating Revenue in the Projected Data Chart divided by the projected patient days.*



**8. Section C, Orderly Development, Item 3.**

The response is noted confirming an increase in nursing staffing from 21 FTE to 44 FTE upon project completion. Please also briefly describe what accounts for the difference from the staffing reported in the 2012 JAR (approximately 33 nursing full time equivalent positions (FTE) and 14 FTE "other health" positions for a total of 47 FTE).

**RESPONSE:** As mentioned previously, the data contained in the Applicant's Joint Annual Report for 2012 is inaccurate and will be amended with the Office of Health Statistics. The correct staffing numbers are provided in the Applicant's First Supplemental Responses, which is reproduced in Attachment 8 for your convenience.

**9. Section C, Orderly Development, Item 7**

The clarification of the applicant's statement that it has not been cited for any deficiencies is noted. In reviewing the documentation for the May 2013 survey and the October 2013 complaint survey, what additional documentation in the form of an acceptance letter or resurvey by TDH is available to confirm that all deficiencies were corrected and substantial compliance was achieved?

**RESPONSE:** Please see Attachment 9(a).

With respect to the most recent TDH survey on May 29, 2014, the June 10, 2014 letter from the TDH regional Administrator notes several key dates pertaining to achieving substantial compliance with Medicare and Medicaid Conditions of Participation, e.g. July 14, 2014, August 30, 2014 and November 30, 2014. What developments with compliance have occurred following the meeting between the applicant and TDH on July 23, 2014 to discuss changes to the applicant's plan of correction? Please discuss in further detail.

**RESPONSE:** Please see Attachment 9(b) for sample audits conducted to achieve substantial compliance. Audits were initiated in June 2014. Initial audits with a compliance date of July 14, 2014, have been completed. On July 23, 2014, the Applicant was contacted by the TDH and notified that changes to the Applicant's survey response letter were required in order to meet compliance. Changes were made to the survey response letter and the updated letter was sent to the TDH on July 24, 2014, a copy of which was enclosed as Attachment 18(b) of the First Set of Supplemental Responses. The Applicant is now waiting for the TDH to accept its updated plan of correction.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60<sup>th</sup>) day after written notification is September 18, 2014. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be



**July 31, 2014**

**08:40 am**

submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

Jeff Grimm  
Health Services Examiner

Enclosure/PJG



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**SUPPLEMENTAL #2**

**July 31, 2014**

**08:40 am**

**AFFIDAVIT**



**July 31, 2014****08:40 am****AFFIDAVIT**STATE OF ~~TENNESSEE~~ South DakotaCOUNTY OF MinnehahaNAME OF FACILITY: Good Samaritan Society - Fairfield Glade

I, Raye Nae Nylander, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Raye Nae Nylander  
Signature/Title

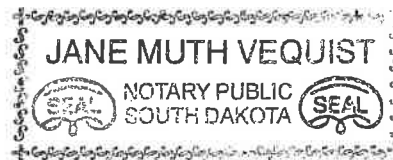
Sworn to and subscribed before me, a Notary Public, this the 31<sup>st</sup> day of July, 2014,  
witness my hand at office in the County of Minnehaha, State of ~~Tennessee~~ South Dakota

Jane Muth Vequist  
NOTARY PUBLIC

My commission expires 6-15-15

HF-0043

Revised 7/02





254

**SUPPLEMENTAL #2**

**July 31, 2014**

**12 :30 pm**

**AFFIDAVIT**



**July 31, 2014****12 :30 pm****AFFIDAVIT**STATE OF ~~TENNESSEE~~ South DakotaCOUNTY OF MinnehahaNAME OF FACILITY: Good Samaritan Society - Fairfield Glade

I, Raye Nae Nylander, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Raye Nae Nylander  
Signature/Title

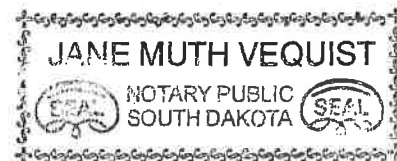
Sworn to and subscribed before me, a Notary Public, this the 31<sup>st</sup> day of July, 2014,  
witness my hand at office in the County of Minnehaha, State of ~~Tennessee~~ South Dakota.

Jane Muth Vequist  
NOTARY PUBLIC

My commission expires 6-15-15.

HF-0043

Revised 7/02





256

**SUPPLEMENTAL #2**

**July 31, 2014**

**08:40 am**

**ATTACHMENT 6**

**Letters from Commercial Lender and Bond Underwriter**





July 31, 2014

100% of us serving you®

141 North Main Avenue  
P.O. Box 5308  
Sioux Falls, SD 57117-5308  
605.339.8610  
605.339.8645 fax

July 30, 2014

State of Tennessee  
Health Services and Development Agency  
**RE: Certificate of Need Application**  
**Good Samaritan Society – Fairfield Glade**

To Whom It May Concern:

U.S. Bank National Association ("U.S. Bank") is pleased to inform you that The Evangelical Lutheran Good Samaritan Society (the "Society") has been a well-standing banking client since 1995. The Society maintains a committed Revolving Line of Credit with U.S. Bank in the amount of \$85 million with an existing maturity date of January 15, 2015. This line is renewed annually and we anticipate renewing the \$85 million commitment for another year upon maturity. The revolving line is available for bridge financing various capital projects, pending tax-exempt permanent financing, including the construction of the Good Samaritan Fairfield Glade project.

If you have any questions, please feel free to contact me at 605-333-3828.

Yours very truly,

Marie Fredrickson  
Senior Vice President  
Relationship Manager

Disclaimer - The content of this letter is only intended for use by the State of Tennessee Health Services and Development Agency and shall not be copied or forwarded to any other party without the express written consent of U.S. Bank



**July 31, 2014****08:40 am**

July 30, 2014

Jeff Grimm  
Health Services Examiner  
State of Tennessee  
Health Services and Development Agency  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

Dear Mr. Grimm:

This letter is written pursuant to item 6 of a letter dated 7/30/14 from the State of Tennessee Health Services & Development Agency.

The Evangelical Lutheran Good Samaritan Society (the "Society") has applied for 30 skilled beds for the Fairfield Glade facility. It is anticipated that the Society will use the Colorado Health Facilities Authority ("COHFA") as its bond issuer for tax-exempt bonds issued to finance such beds.

COHFA has been issuing bonds on behalf of the Society for 15 years. As one of the few long term care system to be rated by a nationally recognized national agency, it is one of the strongest long term care systems in the country. The Society is a borrower in good standing with COHFA, meeting all payment and reporting requirements in a very timely fashion. While every decision to issue tax-exempt bonds rests with the COHFA Board, they have agreed to issue each of the 11 Society bond issues presented to them to date, totally over \$764 million, and there is no reason to believe they will not continue to do so for the Society, absent any materially adverse change in its credit rating, which is not anticipated.

Thank you for your consideration of the Society's request. Please do not hesitate to contact me should you have any additional questions.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Corinne M. Johnson", is written over a circular stamp or seal.

Corinne M. Johnson  
Executive Director

CMJ/peb



**ATTACHMENT 8**

**Staffing Numbers from First Set of Supplemental Responses**



**July 31, 2014****08:40 am****FTE Staff Schedule**

Department	Description	Existing 30-Beds	Added 30-Beds	Total 60-Beds	Current	Anticipated
		FTE's/Week	Hours/Week	Hours/Week	Pay/Hour (1)	Pay/Hour (2)
Administration	Administrator	0.475	0.325	0.8	\$ 36.05	\$ 38.25
	HR Director	0.65	0.1	0.75	\$ 19.50	\$ 20.69
	Administrative Secretary	0.25	0.5	0.75	\$ 11.99	\$ 12.72
	Office Manager	0.35	0.275	0.625	\$ 16.82	\$ 17.84
	Staff Development	0.5	0.4	0.9	\$ 19.99	\$ 21.21
	Chaplain (Volunteers)	0	0	0	\$ -	\$ -
Marketing	Marketing Director	0.025	0.1	0.125	\$ 23.07	\$ 24.47
	Marketing Coordinator	0.1	0.05	0.15	\$ 27.27	\$ 28.93
Nursing	Staff Scheduler	0	0.5	0.5	\$ 18.47	\$ 19.59
	Director of Nursing	1	0	1	\$ 31.25	\$ 33.15
	MDS Coordinator	1.075	0.925	2	\$ 27.60	\$ 29.28
	Charge Nurse LPN	7.725	0.95	8.675	\$ 18.47	\$ 19.59
	Charge Nurse RN	2.825	5.925	8.75	\$ 26.13	\$ 27.72
	Certified Nursing Assistant	6.675	14.825	21.5	\$ 10.06	\$ 10.67
	Restorative Nursing Aide	1.775	0	1.775	\$ 10.33	\$ 10.96
	Driver	0.5	0.25	0.75	\$ 9.50	\$ 10.08
Health Information	Director of HIM	1	0	1	\$ 17.71	\$ 18.79
	Unit Health Information	0	0	0	\$ 12.85	\$ 13.63
Activities	Activity Director	0.925	0.575	1.5	\$ 12.84	\$ 13.62
Social Services	Director of Social Services	1	0	1	\$ 16.82	\$ 17.84
	Admissions Coordinator	1.4	0.1	1.5	\$ 22.21	\$ 23.56
Laundry	Laundry Asst/Trans Duty	1.25	0.75	2	\$ 10.06	\$ 10.67
Housekeeping	Housekeeping Assistant	0.75	0.75	1.5	\$ 9.66	\$ 10.25
Dietary	Director of Dietary	0.475	0	0.475	\$ 23.76	\$ 25.21
	Dietary Supervisor	0.3	0.7	1	\$ 14.45	\$ 15.33
	Dietician	0.175	0.125	0.3	\$ 50.00	\$ 53.05
	Dietary Assistant	3.375	0	3.375	\$ 9.31	\$ 9.88
	Dishwasher	0.275	0.225	0.5	\$ 8.65	\$ 9.18
Operations/Maintenance	Director of Environmental	0.175	0.025	0.2	\$ 22.97	\$ 24.37
	Environmental Assistant	0.05	0	0.05	\$ 9.01	\$ 9.56
	Maintenance Tech	0.35	0.25	0.6	\$ 13.01	\$ 13.80
Resource Development	Resource Devel. Staff	0.05	0.05	0.1	\$ 24.03	\$ 25.49
Totals		35.475	28.675	64.15		

(1) Current Pay/Hour From May Labor Analysis - Ending 5/31/14

(2) Anticipated Pay/Hour Determined by Adding a 3% Pay Increase for 2015 and 2106 (with 2016 as the year of opening the new beds)



**July 31, 2014**

**08:40 am**

**ATTACHMENT 9(a)**

**Acceptance Letters for May 2013 and October 2013 Surveys**



**July 31, 2014****08:40 am**

STATE OF TENNESSEE  
**DEPARTMENT OF HEALTH**  
OFFICE OF HEALTH LICENSURE AND REGULATION  
EAST TENNESSEE REGION  
5904 LYONS VIEW PIKE, BLDG. 1  
KNOXVILLE, TENNESSEE 37919

July 23, 2013

Mr. Adrian Farmer, Administrator  
Good Samaritan Society – Fairfield Glade  
100 Samaritan Way  
Crossville TN 38558

Re: 44-5506

Dear Mr. Farmer:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey/complaint investigation on May 28 -30, 2013. An on-site revisit and review of the facilities plan of correction for the deficiencies cited as a result of the survey/investigation was conducted on July 16, 2013. Based on the on-site revisit, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of July 14, 2013.

If you have any questions concerning this letter, please contact our office at (865) 588-5656.

Sincerely,

Karen B. Kirby, R.N.  
Regional Administrator  
ETRO Health Care Facilities

KK:afl

TN00031384



July 31, 2014

08:40 am



STATE OF TENNESSEE  
DEPARTMENT OF HEALTH  
OFFICE OF HEALTH LICENSURE AND REGULATION  
EAST TENNESSEE REGION  
7175 STRAWBERRY PLAINS PIKE  
KNOXVILLE TN 37914  
PHONE: 865-594-0669 FAX: 865-594-5739

January 28, 2014

Mr. Gene Wockenfuss, Administrator  
Good Samaritan Society - Fairfield Glade  
100 Samaritan Way  
Crossville TN 38558

RE: 44-5506

Dear Mr. Wockenfuss:

The East Tennessee Region of Health Care Facilities conducted a complaint investigation on October 10-21, 2013. A desk review was conducted, based on that review; we are accepting your plan of correction and are assuming that your facility is in compliance with all participation requirements as of December 5, 2013.

If you have any questions, please contact the East Tennessee Regional Office by phone: 865-588-5656 or by fax: 865-594-5739.

Sincerely,

*Karen B. Kirby/kg*

Karen B. Kirby, RN  
Regional Administrator  
East TN Health Care Facilities

KK: kg

TN00032059, TN00032622



**July 31, 2014**

**08:40 am**

**ATTACHMENT 9(b)**

**Sample Audits to Achieve Substantial Compliance in Connection with May 2009 Survey**



**July 31, 2014****08:40 am****RTA audits****Calendar for June 2014 (United States)**

Sun	Mon	Tue	June Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
	50.00 OK DL	50.00 OK DL	50.00 OK DL	50.00 OK DL	50.00 OK DL	5
29	30					
	50.00 OK DL					

Phases of the moon: 5:☉ 13:☾ 19:☉ 27:☾

Holidays and Observances: 15: Fathers' Day

Calendar generated on [www.timeanddate.com/calendar](http://www.timeanddate.com/calendar)**Dana Lee 6/30/14**



**July 31, 2014**

08:40 am

**Creation Instructions:** List each item to be included in the audit in the first column. If there is a corresponding F-tag that relates to the items, write the F-tag in the second column. The person completing the audit will be responsible to determine if the item is present/completed and then to place check mark in the "Yes" or "No" column. Additional comments can be added to explain the reasoning for the answer.

Name of Person Completing Audit:

Date Audit Completed:

**Completion Instructions:** COMPLETION OF DISCHARGE ENTRY IN PCC. IN LEFT HAND COLUMN PUT RESIDENT NAME AND DATE COMPLETED. IN RIGHT HAND COLUMN PUT WHAT PIECE HAS NOT BEEN COMPLETED IF APPLICABLE. ONLY MARK YES IN MIDDLE COLUMN IF IT IS COMPLETED.

[illegible]

**Next Steps:** After the completion of the audit, the results should be summarized using the *Quality Audit Report* form in the **QUALITY MANUAL**. The completed *Quality Audit Report* form should be presented to the Quality Committee.



**08:40 am**

## Yes-No-N/A

[illegible]



08:40 am

3: Name of Person Completing Audit:

Date Audit Completed:

268

[illegible]

**Next Steps:** After the completion of the audit, the results should be summarized using the *Quality Audit Report* form in the **QUALITY MANUAL**. The completed *Quality Audit Report* form should be presented to the Quality Committee.



**Next Steps:** After the completion of the audit, the results should be summarized using the *Quality Audit Report* form in the **QUALITY MANUAL**. The completed *Quality Audit Report* form should be presented to the Quality Committee.



**July 31, 2014**

Audit F-166 Complete Investigation of Grievances
--

**Creation Instructions:** List each item to be included in the audit in the first column. If there is a corresponding F-tag that relates to the items, write the F-tag in the second column. The person completing the audit will be responsible to determine if the item is present/completed and then to place check mark in the "Yes" or "No" column. Additional comments can be added to explain the reasoning for the answer.

**Name of Person Completing Audit:** \_\_\_\_\_

**Date Audit Completed:** \_\_\_\_\_

Name of Person Completing Audit:

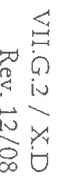
Date Audit Completed:

**Completion Instructions:** AUDIT ALL GRIEVANCES TO FIND PROMPT RESOLUTION THROUGH THOROUGH INVESTIGATION. MARK YES ONLY IF GRIEVANCE IS RESOLVED AND INVESTIGATION IS COMPLETED. PUT RESIDENTS NAME IN RIGHT COLUMN AND ALL CONCERNS NOT YET RESOLVED IN LEFT COLUMN. THIS AUDIT IS TO SHOW COMPLETE INVESTIGATION FOR RESOLUTION.

[illegible]

**Next Steps:** After the completion of the audit, the results should be summarized using the *Quality Audit Report* form in the *QUALITY MANUAL*. The completed *Quality Audit Report* form should be presented to the Quality Committee.





**Creation Instructions:** List each item to be included in the audit in the first column. If there is a corresponding F-tag that relates to the items, write the F-tag in the second column. The person completing the audit will be responsible to determine if the item is present/completed and then to place check mark in the "Yes" or "No" column. Additional comments can be added to explain the reasoning for the answer.

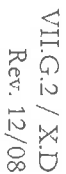
Date Audit Completed:

**Completion Instructions:** SUPERVISE RESIDENT TRANSFER AND VERIFICATION OF FOLLOWING CARE PLAN

[illegible]

**Next Steps:** After the completion of the audit, the results should be summarized using the *Quality Audit Report* form in the **QUALITY MANUAL**. The completed *Quality Audit Report* form should be presented to the Quality Committee.





**Creation Instructions:** List each item to be included in the audit in the first column. If there is a corresponding F-tag that relates to the items, write the F-tag in the second column. The person completing the audit will be responsible to determine if the item is present/completed and then to place check mark in the "Yes" or "No" column. Additional comments can be added to explain the reasoning for the answer.

Date Audit Completed:

**Completion Instructions:** AUDIT CONDUCTED ON RESIDENT COUNCIL MEETING MINUTES FOR COMPLETION OF INVESTIGATION

[illegible]

**Next Steps:** After the completion of the audit, the results should be summarized using the **Quality Audit Report** form in the **QUALITY MANUAL**. The completed **Quality Audit Report** form should be presented to the Quality Committee.



**Creation Instructions:** List each item to be included in the audit in the first column. If there is a corresponding F-tag that relates to the items, write the F-tag in the second column. The person completing the audit will be responsible to determine if the item is present/completed and then to place check mark in the "Yes" or "No" column. Additional comments can be added to explain the reasoning for the answer.

**Completion Instructions:** AUDIT CONDUCTED ON SUGGESTIONS & CONCERN FORMS, AND INCIDENT REPORTS FOR INVESTIGATION COMPLETION.

[illegible]

**Next Steps:** After the completion of the audit, the results should be summarized using the *Quality Audit Report* form in the **QUALITY MANUAL**. The completed *Quality Audit Report* form should be presented to the Quality Committee.









**State of Tennessee**  
**Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

JUL 9 '14 AM 8:00

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**LETTER OF INTENT**

The Publication of Intent is to be published in The Crossville Chronicle, which is a newspaper of general circulation in Cumberland County, Tennessee, on or before July 9, 2014, for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Good Samaritan Society – Fairfield Glade, an existing licensed nursing home, owned and managed by The Evangelical Lutheran Good Samaritan Society, a non-profit corporation, intends to file an application for a Certificate of Need for the addition of thirty (30) Medicare skilled nursing beds to its existing thirty (30) bed facility. The location of Good Samaritan Society – Fairfield Glade is 100 Samaritan Way, Crossville, Tennessee 38558 (Cumberland County), and the estimated project cost is \$6,520,495.50.

The anticipated filing date of the application is on or before July 14, 2014. The contact person for this project is Michael D. Brent, Esq., who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, Tennessee 37203. Mr. Brent's telephone number is (615) 252-2361 and his e-mail address is [mbrent@babbc.com](mailto:mbrent@babbc.com).

(Signature)

(Date)

[mbrent@babbc.com](mailto:mbrent@babbc.com)

(E-mail Address)

---

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency**  
**Andrew Jackson Building, 9<sup>th</sup> Floor**  
**502 Deaderick Street**  
**Nashville, Tennessee 37243**

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



**CERTIFICATE OF NEED  
REVIEWED BY THE DEPARTMENT OF HEALTH  
DIVISION OF POLICY, PLANNING AND ASSESSMENT  
615-741-1954**

**DATE:** September 30, 2014

**APPLICANT:** Good Samaritan Society-Fairfield Glade  
100 Samaritan Way  
Crossville, Tennessee 38558

**CON #:** CN1407-031

**CONTACT PERSON:** Michael D. Brent, Esquire  
Bradley Arant Boult Cummings, LLP  
1600 Division Street, Suite 700  
Nashville, Tennessee 37203

**COST:** \$6,535,167

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

**SUMMARY:**

The applicant, Good Samaritan Society-Fairfield Glade, a licensed nursing home, owned and managed by The Evangelical Lutheran Good Samaritan Society, a not-for-profit corporation filed this Certificate of Need (CON) application with the Health Services and Development Agency (HSDA) to add 30 Medicare skilled nursing facility (SNF) beds to its existing 30 bed Medicare SNF. The site of the facility will remain 100 Samaritan Way in Crossville, Tennessee.

The project, as noted on page 16 of the CON application, will involve new construction and will result in adding, what the applicant terms "a small northern wing and a larger southern wing to the existing skilled nursing facility wing of the Continuing Care Retirement Community (CCRC)". The *Square Footage and Cost Per Square Footage Chart (Revised)* found in Attachment 2 of Supplemental 1 states the new construction will total 27,306 ground square feet (GSF) of space. The new construction does not involve renovation of the existing 21,954 square foot facility.

The estimated construction cost, contained in the *Project Costs Chart*, found on page 36 of the CON application is estimated to be \$4,092,145. The total project cost is estimated to be \$6,520,495.50. The estimated total construction cost per square foot for this project will be \$149.86, which is lower than the 1<sup>st</sup> Quartile of the statewide nursing home new construction cost of \$164.57 for the period 2010-2012. This data was provided to the applicant and to the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics by the Health Services and Development Agency through its *HSDA Applicant's Toolbox* which can be found on the HSDA website. The latest version of the *HSDA Applicant's Toolbox* covers the period 2011-2013 and shows a 1<sup>st</sup> Quartile new construction cost of \$152.80 and the median is now \$167.31.

**GENERAL CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.



**NEED:**

The Good Samaritan Society-Fairfield Glade nursing home is part of a continuing care retirement center (CCRC) which has an assisted care living facility (ACLF) consisting of 48 licensed beds, according to the *Joint Annual Report of Assisted Care Living Facilities 2012* published by the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics. Based upon the applicant submitted information in Supplemental 1 the facility experienced "deflection activity" of approximately 41% of total denials based on the unavailability of beds in the current nursing facility. The deflection concept reinforces the need for an increase of 30 nursing home beds, per the applicant.

Another factor that reflects a need for additional nursing home beds is discussed on pages 3 and 4 of Supplemental 1 is an increase in the average number of bed days from August 2013 to June 2014. During this period the facility had 9,627 bed days and 111 admissions with an average length of stay of 87 days. When compared to the 189 total admissions and the 47 days length of stay in the *Joint Annual Report of Nursing Homes 2012 (Final)*, the increase in the length of stay could be significant. However, the HSDA staff review questions elicited a response from the applicant stating that the data submitted by the applicant in its 2012 was not accurate. The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics would note that the submission of accurate data for any JAR is responsibility of the facility. Once the deadline for JAR submissions and corrections of any erroneous data has passed and the file is finalized the file cannot be changed.

The applicant could clarify matters regarding its number of admissions, the number of bed days and its average length of stay by presenting revised 2012 calendar year data and also submitting comparable calendar year 2013 data. Submitting non-comparable data periods leaves gaps in the data which may not clearly identify the reported increase in the average length of stay, admissions and number of bed days presented by the applicant in Supplemental 1 pages 3 and 4.

The service area for purposes of this CON application will consist of Cumberland County. The *Tennessee Population Estimates 2014 and 2016* published by the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics estimates that Cumberland County in 2014 has a population of 57,815 of which 15,838 or 27.4% are 65 or older. The estimated total population in 2016 will be 58,913 and represents an increase of 1.9%. The number of individuals 65 and older in 2016 will be 15,852 or 26.9%, an increase of 0.1%.

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics has determined that the number of nursing home beds licensed by the Department in Cumberland County totals 371 beds currently. The Department, based on its review of the website maintained by HSDA, did not identify any pending CON applications by any Cumberland County nursing homes at this point in time.

The bed need, as calculated by the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics has calculated the bed need in 2016 to be 700 nursing home beds. The currently 371 licensed nursing home beds subtracted from the calculated 2016 bed need of 700 results in a bed need of 329 beds.

**TENNCARE/MEDICARE ACCESS:**

Good Samaritan Society-Fairfield Glade is certified as a Medicare skilled nursing facility with provider number 445506, as a Medicaid/TennCare Level II skilled nursing facility with provider number 445506 and as a Medicaid/TennCare Level I non-skilled facility with provider number 7440813, according to the *Joint Annual Report of Nursing Homes 2012* published by the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics.

It is noted that the *Joint Annual Report of Nursing Homes 2012* for the applicant's nursing home revealed that no Medicaid/TennCare Level 1 or Level II nursing home services or revenue were reported in 2012. Utilizing the data provided by the applicant on page 34 of the CON application,



the average daily census for Medicaid residents in 2011 thru 5/31/2014 was zero. The applicant did report in the *Joint Annual Report of Nursing Homes 2012* gross Medicare revenue of \$149,882 with contractual adjustments of \$64,445 resulting in total net revenue from Medicare of \$85,437.

The applicant estimates that it would receive \$358,860 in Medicaid/TennCare revenue in year 1 and would receive \$390,440 from this source in year 2 of the total 60 bed facility including the 30 beds proposed by the applicant. The revenue estimates were not identified as gross revenue or net revenue.

The applicant, on page 40 of the CON application, estimated Medicare revenue would represent approximately 38% and another 38% would be revenue from private pay. This, if correct, would leave another 24% that could represent Medicaid/TennCare revenue.

*Note to Agency Members: Based upon the applicant's estimated revenue from Medicaid/TennCare of \$358,860 in year 1 and \$390,440 in year 2, the following observations can be made by the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics:*

*The Revised Projected Data Chart found in Supplemental 2, revised page R-18 (a) estimates gross revenue for all 60 beds in year 1 and year 2 of the project, excluding gross outpatient revenue, will be \$9,659,378 and \$10,297,730 in each year respectively;*

*The Revised Project Chart found in Supplemental 2, revised page R-18 (b) estimates gross revenue from the proposed 30 bed addition in year 1 and in year 2, excluding gross outpatient revenue, will be \$4,813,807 and \$5,276,115 in each respective year;*

*The Medicare gross revenue for all 60 beds in the Revised Project Costs Chart in year 1 would represent approximately \$3,670,563.64 or 38% of the total inpatient revenue, if the applicant's calculations are correct. The applicant's gross private pay revenue would also total another \$3,670,563.64 if the applicant's 38% estimate is correct. This would leave approximately 24% of total gross revenue or \$2,329,436.36 that would be from Medicaid/TennCare. The State Medicaid/TennCare buy-in would be approximately 30% of the gross charges or \$698,830.91.*

The reason for the projected Medicaid/TennCare revenue during years 1 and 2 of the project is because as residents of the continuing care retirement center "age in place" the need for skilled beds of all types will increase and alternatives for residents that are currently private pay will inevitably "spend down" their resources and also become eligible for Medicaid/TennCare services. The applicant made the case that increased referrals from hospitals, which have primarily sent Medicare eligible patients to Good Samaritan Society-Fairfield Glade and the CCRC residents that become Level II Medicaid/TennCare eligible, due to spend-downs, constitute a new market due to the process of aging in place and the higher medical acuity of an elderly population.

The applicant correctly stated, in response to HSDA staff questions, that if they were a Level II skilled care provider under Medicaid/TennCare that they must also satisfy the Linton Decision's requirements they would have to be dually certified. The applicant did not appear to identify any Level I Medicaid/TennCare bed days in its projections. This raises several questions. Will the facility provide Level I non-skilled services to CCRC residents meeting Level I criteria and will they deny admission to non-CCRC residents that meet non-skilled Level I criteria? Will the facility discharge those residents that do not meet continued stay criteria in the Level II Medicaid/TennCare skilled nursing home beds to other Level I long term care facilities and would that violate the Linton rules or its CCRC resident contracts? It is not clear, how being also certified as a Level I non-skilled facility would meet the criteria set forth in Public Chapter 1112, Senate Bill 2463 requiring each CON applicant to "specify in the application the skilled services to be provided and how the applicant intends to provide such services."

#### **ECONOMIC FACTORS/FINANCIAL FEASIBILITY:**



The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

**Project Costs Chart:** The Project Costs Chart is located in the CON application on page 36. The total project cost is \$6,520,495.50.

**Historical Data Chart:** The Historical Data Chart can be found on page 17 of the CON application. The net operating revenue in 2011 was \$0, in 2012 there was a loss of (\$754,302) and in 2013 the loss was (\$296,881).

**Projected Data Chart:** The Revised Projected Data Chart is located in Supplemental 2 Attachment 5(b) as replacement page R-18(b). The applicant projects an average daily census of 22.5 in 2016 and 24 in 2017 for the new 30 bed addition. The total net operating revenue in year one is projected to be \$40,594 and \$116,929 in year two of the project.

The applicant clarified its gross charge, average deduction from operating revenue and the average net charge on revised page R-38 in Supplemental 2. The average gross charge in year 1 of the project is estimated to be \$590.09, the average deduction from operating revenue will be \$257.46 and the average net charge will be \$332.28. These charges are for the proposed 30 bed addition.

#### **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:**

The applicant is licensed by the Tennessee Department of Health, Board for Licensing Health Care Facilities as a 30 bed nursing facility. The facility was surveyed by the Department of Health's East Tennessee Regional Office (ETRO) on May 27-30, 2013 and received 7 deficiencies. The facility submitted a corrective action plan to the ETRO and the ETRO determined, based on the plan of correction and a revisit to the facility on July 16, 2013, that Good Samaritan Society-Fairfield Glade was in compliance with all participation requirements as of July 14, 2013.

The ETRO conducted two complaint investigations on October 10-21 2013 and found that Good Samaritan Society-Fairfield Glade was not in compliance with 42 CFR Part 483.13(c) in regard to the development and implementation of policies and procedures concerning the misappropriation of resident property involving 3 of 8 residents interviewed during the complaint investigation. Also cited by the surveyors, the facility failed to conduct an elopement assessment on a newly admitted resident that subsequently exited the building using a rolling walker, as documented in the medical record. The facility submitted a plan of correction and following a desk review by the ETRO, the plan of correction was accepted and the facility was therefore assumed to meet all participation requirements, as of December 5, 2013.

The ETRO during May 27-30, 2014, conducted a recertification survey and performed 2 complaint investigations. As reported by staff of the Regional Office to the Director of Certification for the Office of Health Care Facilities, the facility received 8 federal deficiencies for health care services and there were no licensure deficiencies.

The Life Safety Survey, which took place on May 27, 2014, resulted in 2 state deficiencies being cited by the surveyor. On the revisit survey on July 11, 2014 one (1) of the Life Safety deficiency was cleared while the second deficiency was recited by the surveyor and was not cleared. The Life Safety Survey on July 11, 2014 also cited 2 additional Life Safety deficiencies at the facility. The facility submitted a new plan of correction (POC) on August 11, 2014 to the Regional Office which is reviewing the POC and will have to conduct a second site visit to clear these Life Safety deficiencies.

The facility noted it had requested an Informal Dispute Resolution (IDR) meeting with the Department. However, since no Civil Monetary Penalty (DMP) was imposed by the Department the



facility cannot request an IDR meeting. Once the federal deficiencies have been cleared the facility will receive a letter from the Department's Regional Office regarding the status of its compliance and will address by letter the facility revisit by the Regional Office regarding its Life Safety deficiencies.

### **SPECIFIC CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

The Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics will provide responses to Specific Criteria for Certificate of Need that address utilization, need, bed data and other information maintained by the Department of Health. The narrative responses of the applicant will not be repeated but can be found in the Certificate of Need Application and such Supplemental material as provided by the applicant to the Health Services and Development Agency.

### **NURSING HOME SERVICES**

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Facilities Commission must follow when granting certificates of need for nursing home beds in Tennessee. During a fiscal year (July 1-June 30), the Commission shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

#### **A. Need**

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned}\text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65-74, plus} \\ & .0600 \times \text{pop. 75-84, plus} \\ & .1500 \times \text{pop. 85, plus}\end{aligned}$$

*The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics has utilized the formula set forth in TCA 68-11-108 to determine the need for nursing home beds in the defined service area.*

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

*The need for nursing home beds has been projected 2 years into the future by the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics. The need for nursing home beds in 2016 is projected to be 700 beds. The current number of licensed beds is 371. The calculated bed need minus the number of licensed beds results in a bed need in Cumberland County of 329.*

*The HSDA website documents that there are no additional CON projects for Cumberland County nursing homes.*

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.



*There are 4 nursing homes within Cumberland County, as of August 12, 2014, according to the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics. They had a total of 371 nursing home beds and an overall licensed occupancy rate of 76.6% according to the Joint Annual Report of Nursing Homes 2011. The Joint Annual Report of Nursing Homes 2012 documents Cumberland County continued to have 371 licensed nursing home beds and an overall licensed occupancy rate of 82.4%.*

2. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

*The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics have verified, based on the Joint Annual Report of Nursing Homes 2012 that 192 of the 194 residents receiving services during 2012 were from Cumberland County. Therefore, Cumberland County is a reasonable service area for this project. The travel time to the facility would appear to meet the 30 minutes travel time criteria.*

3. The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:
  - a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and
  - b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

*The proposed service area nursing home bed need, as calculated by the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics is not in excess of the need standard. Therefore, these criteria do not apply to this project.*

B. Occupancy and Size Standards:

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

*The Good Samaritan Society-Fairfield Glade states on page 2 of Supplemental 2 that it anticipates the current 30 bed facility would maintain a licensed occupancy rate of at least 95% and the proposed 30 bed addition would achieve an occupancy rate of 75% in year 1 of the project and 80% in the year 2 of the project.*

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

*There are a total of 4 licensed nursing homes in Cumberland County. The total number of licensed nursing home beds is 371, according to the Tennessee*



*Department of Health, Division of Health Licensure and Regulation-Office of Health Care Facilities. Good Samaritan Society-Fairfield Glade has 30 currently licensed nursing home beds and the other 3 nursing homes within Cumberland County had the following number of beds and licensed occupancy rates according to the final data set drawn from the Joint Annual Report of Nursing Homes 2012:*

**Cumberland County Nursing Homes Licensed Beds and Occupancy Rates 2012**

<b>Nursing Home</b>	<b>Licensed Beds</b>	<b>Licensed Occupancy</b>
---------------------	----------------------	---------------------------

Life Care Center of Crossville	122 beds	73.2%
Wharton Nursing Home	62 beds	94.0%
WyndRidge Health and Rehabilitation Center	157 beds	85.1%

*None of the three (3) nursing homes with 50 beds or more had an occupancy rate of 95%.*

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

*The facility did not have an occupancy rate of 95% according to the Joint Annual Report of Nursing Homes 2012 (Final). The annual occupancy rate for the period January 2012 thru December 31, 2012 was 81.6%. It is also noted, that the inaccurate data the applicant reported to HSDA staff on pages 3 and 4 of Supplemental 1 may result in an increase, or a decrease, in the licensed bed occupancy percentage.*

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

*This nursing home currently has a capacity of 30 licensed nursing home beds and if this 30 bed project is approved the number of licensed nursing home beds will increase to 60 beds. The project is operated in conjunction with a continuing care retirement center.*



**RESPONSE FROM DEPARTMENT**  
**OF HEALTH**

**Good Samaritan Society--Fairfield Glade**  
**Crossville (Cumberland County)**

**CN1407-031**





STATE OF TENNESSEE  
**DEPARTMENT OF HEALTH**  
OFFICE OF HEALTH LICENSURE AND REGULATION  
EAST TENNESSEE REGION  
7175 STRAWBERRY PLAINS PIKE, SUITE 103  
KNOXVILLE, TENNESSEE 37914

October 7, 2014

Mr. Gene Wockenfuss, Administrator  
Good Samaritan Society-Fairfield Glade  
100 Samaritan Way  
Crossville TN 38558

RE: 44-5506

Dear Mr. Wockenfuss:

A Health and Life Safety recertification survey was conducted on May 27 – 30, 2014. A Health and Life Safety revisit/desk review was conducted August 15, 2014. Based on the Health desk review, your facility is in compliance with all Federal participation requirements for Medicare and/or Medicaid as of August 14, 2014.

A Life Safety Licensure recite revisit was conducted on September 22, 2014, to verify that your facility had achieved and maintained compliance for recited tags N848, N831 and N901. Based on the revisit, we found that your facility had demonstrated compliance with the licensure deficiencies recited effective August 1, 2014.

If you should have any questions concerning this letter, please contact our office. 865-594-9396.

Sincerely,

Karen B. Kirby, R.N.  
Regional Administrator  
ETRO Health Care Facilities

KK:afi



## Melissa Bobbitt

---

**From:** Lonnie Matthews <Lonnie.Matthews@tn.gov>  
**Sent:** Friday, October 17, 2014 2:56 PM  
**To:** Hadfield, Chelsey  
**Cc:** 'Dana Lee'; Trent Sansing  
**Subject:** RE: Good Samaritan Society - Fairfield Glade: Revised 2012 JAR

Chelsey

To be clear, I want you to know that if a revision /change comes in to our office after the database (file) has closed for that year then there will be no change made to the masterfile or the individual file placed on the website due to the closing /finalizing a database is 'final'. However if a facility sends in a revision of their data we will place a hard copy of change in the facility's file. Hopefully this explains or procedure a little better. Thanks

Lonnie Matthews  
Facilities Unit  
Tennessee Department of Health  
Division of Policy, Planning and Assessment  
Office of Health Statistics  
2nd Floor, Andrew Johnson Tower  
710 James Robertson Parkway  
Nashville, TN 37243

(615) 741-5845 (office number)  
(615) 253-1688 (fax number)  
[lonnie.matthews@tn.gov](mailto:lonnie.matthews@tn.gov)

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*The mission of the Department of Health is to protect, promote and improve the health and prosperity of people in Tennessee*

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CONFIDENTIALITY NOTICE: The information in this e-mail and in any attachments is confidential and may be privileged. If you are not the intended recipient, please destroy this message, delete any copies held on your system and notify the sender immediately. You should not retain, copy, or use this e-mail for any purpose, nor disclose all or any part of its content to any other person. We apologize for any inconvenience this may have caused.

---

**From:** Hadfield, Chelsey [mailto:[chadfield@babco.com](mailto:chadfield@babco.com)]  
**Sent:** Thursday, October 16, 2014 4:31 PM  
**To:** Lonnie Matthews  
**Cc:** 'Dana Lee'  
**Subject:** RE: Good Samaritan Society - Fairfield Glade: Revised 2012 JAR

**\*\*\* This is an EXTERNAL email. Please exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. - OIR-Security\*\*\***

Hi Mr. Matthews,

I wanted to follow up with you regarding my email below containing the revisions to the Facility's 2012 Joint Annual Report. When I checked the JARs this afternoon, the information had not yet been updated to incorporate our changes. Can you please let me know if a revised JAR will be uploaded to the Tennessee Department of Health website? If not, are the changes simply added to the Facility's file for internal reference by the Department?



Thanks in advance for your assistance.

Best,  
Chelsey

BRADLEY ARANT  
BOULT CUMMINGS LLP

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**Chelsey Hadfield**  
*Attorney*

---

**Phone** 615.252.2392  
**Fax** 615.252.6392  
**Email** [chadfield@babbc.com](mailto:chadfield@babbc.com)  
**Website** [www.babbc.com](http://www.babbc.com)

---

**Roundabout Plaza**  
1600 Division Street, Suite 700  
Nashville, TN 37203

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**From:** Hadfield, Chelsey  
**Sent:** Friday, August 29, 2014 9:50 AM  
**To:** 'lonnie.matthews@tn.gov'  
**Cc:** 'steven.taylor@tn.gov'; 'Dana Lee'  
**Subject:** Good Samaritan Society - Fairfield Glade: Revised 2012 JAR

Mr. Matthews,

Per our conversation earlier this week, please find attached the following revisions to the 2012 Joint Annual Report of Good Samaritan Society – Fairfield Glade, a skilled nursing facility located in Crossville (Cumberland County), Tennessee (the "Facility").

1. Chart with explanation regarding average length of stay below 90 days
2. Revised staffing information in Schedule G
3. Revised financial information in Schedule H

Please note that the Facility is requesting the updates described herein as a result of its recent discovery of errors in its final 2012 Joint Annual Report. The discovery of these errors occurred during the preparation of the Facility's application for a Certificate of Need from the Health Services and Development Agency (CN1407-031) for an expansion of the existing Facility and the addition of 30 Medicare/Medicaid certified beds. The Facility is requesting the attached updates to reflect the corrected information that was inadvertently reported incorrectly for the Facility for the 2012 reporting period by personnel no longer with the Facility.

We apologize for any inconvenience. If you have any questions or if I may be of further assistance, please do not hesitate to contact me.

Thanks,  
Chelsey

BRADLEY ARANT  
BOULT CUMMINGS LLP



---

**Chelsey Hadfield**

*Attorney*

---

**Phone** 615.252.2392

**Fax** 615.252.6392

**Email** [chadfield@babco.com](mailto:chadfield@babco.com)

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**Roundabout Plaza**

1600 Division Street, Suite 700  
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**OPPOSITION LETTER(S)**

**TriStar Centennial Medical Center**  
**Nashville, Davidson County**

**CN1407-032**



October 17, 2014

Melanie Hill, Executive Director  
Health Services and Development Agency  
Andrew Jackson Building  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

Re: TriStar Centennial Medical Center  
CN1407-032

Dear Ms. Hill:

This letter is submitted in opposition to the TriStar Centennial Medical Center ("Centennial") certificate of need application which seeks approval to build a joint replacement center, which will add 10 operating rooms and 29 licensed acute care beds in downtown Nashville. I am a board certified, fellowship trained, orthopedic surgeon, specializing in total joint replacement. I have been on medical staff at Centennial for 20 years and have served in various leadership roles for the hospital including Chief of the Department of Surgery. I am also a member of the medical staff at Saint Thomas Midtown Hospital.

During my time at Centennial, I have continuously engaged with senior leaders at the hospital about making investment into joint replacement beyond what is currently available. These discussions have varied in materiality, but have never reached fruition. The current project under review has been submitted without insight and input from Centennial's most tenured orthopedic surgeons who maintain the fullest understanding of the hospital's needs for orthopedic and joint replacement patients. Upon review of the proposed Certificate of Need application, I submit that this project is not aligned with the needs of the medical center or the patients that it serves. The community of Nashville and Middle Tennessee does not need additional licensed beds and operating rooms in order to serve joint replacement patients, as proven by Saint Thomas Midtown Hospital's joint replacement project (CN1401-001A) that was approved in April 2014.

Therefore, in my opinion, this application should be denied because it seeks to unnecessarily duplicate the joint replacement center at Saint Thomas Midtown Hospital which was approved in April and was operating room and licensed bed neutral. Centennial proposes additional operating rooms and licensed beds where they are not needed, at a cost 4 times greater than the cost of the Midtown project. Currently, there are over 1,000 empty licensed hospital beds in downtown Nashville. All healthcare providers understand that health care reform has and will continue to move patients from inpatient hospital settings to lower cost outpatient facilities. The Centennial application is simply an unwise use of resources, and it will drive up the cost of health care to consumers. For these reasons, I urge the Agency to deny the application.

Sincerely,



Joseph D. Chenger, M.D.



## Physicians

Dave A. Alexander, Jr., M.D.  
Allen F. Anderson, M.D.  
Christian N. Anderson, M.D.  
Christopher P. Ashley, M.D.  
Matthew O. Barrett, M.D.  
W. Cooper Beazley, M.D.  
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October 9, 2014

Melanie Hill, Executive Director  
Health Services and Development Agency  
Andrew Jackson Building  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

Re: TriStar Centennial Medical Center  
CN1407-032

Dear Ms. Hill:

This letter is submitted in opposition to the TriStar Centennial Medical Center ("Centennial") certificate of need application which seeks approval to build a joint replacement center, which will add 10 operating rooms and 29 licensed acute care beds in downtown Nashville. I am a board certified, fellowship trained, orthopedic surgeon, specializing in total joint replacement. I have practiced in Nashville for 20 years, and am a member of the medical staffs at Saint Thomas Midtown Hospital and Centennial.

In my opinion, this application should be denied because it seeks to unnecessarily duplicate the joint replacement center at Saint Thomas Midtown Hospital which was approved in April and was operating room and licensed bed neutral. Centennial proposes additional operating rooms and licensed beds where they are not needed, at a cost 4 times greater than the cost of the Midtown project. Currently, there are over 1,000 empty licensed hospital beds in downtown Nashville. All healthcare providers understand that health care reform has and will continue to move patients from inpatient hospital settings to lower cost outpatient facilities. The Centennial application is simply an unwise use of resources, and it will drive up the cost of health care to consumers. For these reasons, I urge the Agency to deny the application.

Sincerely,

A handwritten signature in dark ink, appearing to read "PAG Karpos M.D.", is written over a light blue horizontal line.

Phillip A. G. Karpos, M.D.



October 14, 2014

Melanie Hill, Executive Director  
Health Services and Development Agency  
Andrew Jackson Building  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

Re: TriStar Centennial Medical Center  
CN1407-032

Dear Ms. Hill:

This letter is submitted in opposition to the TriStar Centennial Medical Center ("Centennial") certificate of need application which seeks approval to build a joint replacement center, which will add 10 operating rooms and 29 licensed acute care beds in downtown Nashville. I am a board certified, fellowship trained physician specializing in pulmonology, critical care medicine, and pediatric pulmonary medicine. I have been practicing medicine in Middle Tennessee for 13 years. Additionally, I am the Chief of Staff at Saint Thomas West Hospital, where I serve the approximately 600 physicians on the medical staff.

In my opinion, this application should be denied because it seeks to unnecessarily duplicate the joint replacement center at Saint Thomas Midtown Hospital which was approved in April and was operating room and licensed bed neutral. Centennial proposes additional operating rooms and licensed beds where they are not needed, at a cost 4 times greater than the cost of the Midtown project. Currently, there are over 1,000 empty licensed hospital beds in downtown Nashville. All healthcare providers understand that health care reform has and will continue to move patients from inpatient hospital settings to lower cost outpatient facilities. The Centennial application is simply an unwise use of resources, and it will drive up the cost of health care to consumers. For these reasons, I urge the Agency to deny the application.

Sincerely,

  
Mark T. Peters, M.D.



#### Physicians

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Allen F. Anderson, M.D.  
Christian N. Anderson, M.D.  
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# TOA

TENNESSEE ORTHOPAEDIC ALLIANCE

5270671130

October 9, 2014

Melanie Hill, Executive Director  
Health Services and Development Agency  
Andrew Jackson Building  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

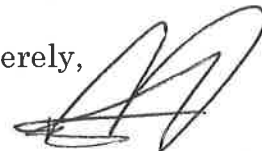
Re: TriStar Centennial Medical Center  
CN1407-032

Dear Ms. Hill:

This letter is submitted in opposition to the TriStar Centennial Medical Center ("Centennial") certificate of need application which seeks approval to build a joint replacement center, which will add 10 operating rooms and 29 licensed acute care beds in downtown Nashville. I am a board certified, fellowship-trained orthopedic surgeon, specializing in primary and revision joint replacements as well as arthritis surgery. I am a member of the American Academy of Orthopaedic Surgeons. I have practiced in Nashville for 18 years, and am a member of the medical staffs at Saint Thomas Midtown Hospital and Centennial.

In my opinion, this application should be denied because it seeks to unnecessarily duplicate the joint replacement center at Saint Thomas Midtown Hospital which was approved in April and was operating room and licensed bed neutral. Centennial proposes additional operating rooms and licensed beds where they are not needed, at a cost 4 times greater than the cost of the Midtown project. Currently, there are over 1,000 empty licensed hospital beds in downtown Nashville. All healthcare providers understand that health care reform has and will continue to move patients from inpatient hospital settings to lower cost outpatient facilities. The Centennial application is simply an unwise use of resources, and it will drive up the cost of health care to consumers. For these reasons, I urge the Agency to deny the application.

Sincerely,



Stuart E. Smith, M.D.



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October 16, 2014

Melanie Hill, Executive Director  
Health Services and Development Agency  
Andrew Jackson Building  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

Re: TriStar Centennial Medical Center  
CN1407-032

Dear Ms. Hill:

This letter is submitted in opposition to the TriStar Centennial Medical Center ("Centennial") certificate of need application which seeks approval to build a Joint Replacement Center. This center will add 10 operating rooms and 29 licensed acute care beds in downtown Nashville. I am a board certified orthopedic surgeon and fellowship trained specializing in joint replacement and adult reconstructive surgery. I have practiced in Nashville for 28 years and I am a member of the medical staffs at Saint Thomas Midtown Hospital and Centennial Hospital.

This application should be denied because it unnecessarily duplicates the Joint Replacement Center at Saint Thomas Midtown Hospital, which was recently approved in April and was operating room and licensed bed neutral. Centennial proposes additional operating rooms and licensed beds where they are not needed, at a cost four times greater than the cost of the Midtown project. Further, there is no need for new licensed hospital beds. Currently, there are over 1,000 empty licensed hospital beds in downtown Nashville. The orthopedic group for which these new beds and operating rooms are being constructed are simply shifting their



#### Physicians

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practice from one hospital to another. This will create unused beds and unused operating rooms at the Saint Thomas West Hospital. There is no new business being generated that would necessitate this increased capacity at Centennial Medical Center. Simply stated, it is simply a transfer patient's from one facility to another.

All healthcare providers understand that healthcare reform has and will continue to move patients from inpatient hospital settings to lower cost outpatient facilities. The Centennial application is unwise and a poor use of resources. It will drive up the cost of healthcare to consumers. For these reasons, I urge the Agency to deny the application.

Sincerely,

Thomas E. Tompkins, MD

TET/jtt



**SUPPORT LETTER(S)**

**TriStar Centennial Medical Center**  
**Nashville, Davidson County**

**CN1407-032**



00715714 440155

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401 Commerce Street  
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[615] 782-2371 Fax  
www.stites.com

October 16, 2014

Jerry W. Taylor  
(615) 782-2228  
(615) 742-0703 FAX  
jerry.taylor@stites.com

Melanie M. Hill  
Executive Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deaderick Street  
Nashville, TN 37243

RE: Tri Star Centennial Medical Center  
CN1407-032

Dear Ms. Hill:

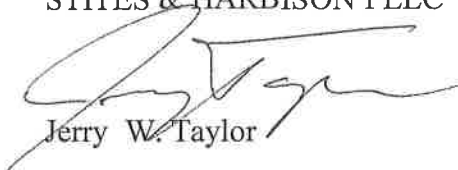
Submitted herewith are additional letters of support for the above referenced project, which is on the agenda for October 22, 2014. The authors of the letters are:

1. Hon. Winfield Dunn, patient of Southern Joint Replacement Institute (SJRI)
2. Mohamed R. Mahfouz, Chair, U.T. Institute of Biomedical Engineering
3. Michael Johnson, PhD., Director, TechMah, LLC
4. James H. Cheek, III, patient of SJRI
5. Margaret Ann Robinson, patient of SJRI

Please let me know if you have any questions, and thank you for your assistance.

Sincerely yours,

STITES & HARBISON PLLC



Jerry W. Taylor



**WINFIELD C. DUNN**  
**107 Dunham Springs Lane**  
**Nashville, TN 37205**

October 17, 2014

Melanie M. Hill  
TN Health Services and Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deaderick Street  
Nashville, TN 37243

Dear Members of the Commission:

I have been made aware of a desire by the Southern Joint Replacement Institute, Center of Excellence at Centennial Medical Center, to gain your acceptance of its application seeking a CON for advancement of its ability to enhance their medical skills to better serve our community.

I can only briefly speak to the integrity, ingenuity and skills I have come to know on a personal basis. Those traits have built a reputation for sheer excellence which is the foundation of this distinguished medical group's existence. I was a patient of Michael Christie, M.D. for a bi-lateral knee joint surgical procedure several years ago and can personally attest to the incredible benefits I have derived from his service.

The SRJI proposal is designed to not only enhance patient comfort, safety and convenience but also to bring remarkable professional skills that have been carefully acquired over many years of successful medical experience to an aging population

I whole heartedly endorse the request for a CON by the Southern Joint Replacement Institute and have complete confidence in Michael Christie, M. D. and David DeBoers, M. D. who are principal leaders of the group.

Most sincerely,

  
**Winfield Dunn**



Melanie M. Hill  
Executive Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: TriStar Centennial Medical Center  
Project No. CN1407-032

Dear Ms. Hill,

I am writing to you in support of the development of a total joint replacement Center of Excellence at Centennial Medical Center. As chair of the Institute of Biomedical Engineering at the University of Tennessee, I can say with confidence that the proposed Center will provide surgeons, patients, and developers with a hub for cutting edge orthopedic technology, education, care, and research.

I feel it would be invaluable to have a collaborative partner in the region which combines state-of-the-art orthopedic research facilities, educational opportunities, and expert physicians. As an orthopedic researcher I have a long history with Dr. Christie and Dr. Deboer, having participated with them on many successful research studies, and am certain that the proposed Center will serve to further their abilities to improve patient care and expand on their significant contributions to the field of joint arthroplasty. It is my expectation that a Center of Excellence can propel the next generation of joint replacement procedures and technologies by providing a collaborative clinical and research setting, enabling unique opportunities for patients, clinicians and researchers. It is with this exciting vision that I wholeheartedly support this proposal and respectfully urge the Health Services and Development Agency to approve the application.

Thank you,



Mohamed R. Mahfouz  
Chair, Institute of Biomedical Engineering





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Melanie M. Hill  
Executive Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deaderick Street  
Nashville, TN 37243

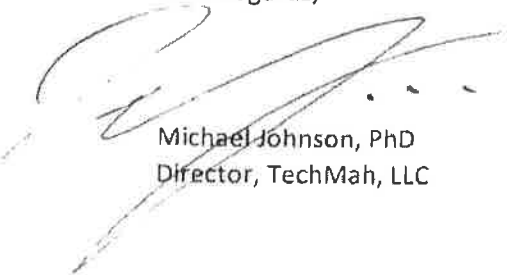
Re: Tri Star Centennial Medical Center  
Project No. CN1407-032

Ms. Hill,

I am writing to you in support of the development of a total joint replacement Center of Excellence in the Centennial Medical Center. As someone having several years of experience in orthopedic research and device development, as well as a significant history with Dr. Christie and Dr. Deboer, I feel certain the Center will provide surgeons, patients, and developers with a hub for cutting edge orthopedic technology, education, care, and research.

From an industry perspective, I feel it would be invaluable to have a resource in the region combining state-of-the-art orthopedic research facilities, educational opportunities, and expert physicians. Relating specifically to Dr. Christie's and Dr. Deboer's positions as leading surgeons, particularly in the fields of revision surgical procedures and surgical navigation, the Center will serve to further their abilities to improve patient care and expand their extensive contributions to the field of joint arthroplasty. The surgeons at the Southern Joint Replacement Institute (SJRI) know that implant placement is not determined by static information, but rather is patient-specific and dynamic in nature. Driven by this, it is my expectation that a Center of Excellence can propel the next generation of joint replacement procedures and technologies by providing a diverse clinical and research setting, enabling capture and analysis of the full scope of data relevant to each patient without the need for undue patient discomfort or multiple facility sites. It is with this exciting vision, along with my confidence in the abilities of those associated with SJRI, that I wholeheartedly support this proposal and respectfully urge the Health Services and Development Agency to approve the application.

Best Regards,



Michael Johnson, PhD  
Director, TechMah, LLC



**BASS BERRY + SIMS<sub>nc</sub>**

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October 15, 2014

Melanie M. Hill  
Executive Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deaderick Street  
Nashville, TN 37243

**Re: Tri Star Centennial Medical Center  
Project No. CN1407-032**

Dear Ms. Hill:

I write as a patient of Dr. Michael Christie in support of the application of Tri Star Centennial Medical Center for a Certificate of Need for a proposed Center of Excellence for joint replacements. The expertise of Dr. Christie and his team at SJRI is well known and I personally experienced a very successful hip replacement. Their reputation is broader than Nashville and attracts numerous patients from the region to Nashville. In addition, this type of recognition adds significantly to the attractiveness of the city to businesses considering a move to Nashville.

In conclusion, I believe the proposed new center will not only benefit the healthcare opportunities for many people in need of joint replacements, but also will enhance Nashville's national reputation as a healthcare center of excellence. As our population grows older, the need for excellent facilities for joint replacement such as the proposed project expands incrementally, and I urge that approval of the CON application.

Sincerely,



James H. Cheek, III

JHC:nf



October 14, 2014

Melanie M. Hill  
Executive Director  
Tennessee Health Services and Development Agency  
Andrew Jackson Building, Ninth Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Tri Star Centennial Medical Center  
Project No. CN1407-032

Dear Ms. Hill:

As a former patient of Dr. Christie, whose hip replacement recovery was superior in every way, I strongly recommend the move of SJRI to Centennial Medical Center.

The opportunity for research growth at the Sarah Cannon Institute with these surgeons will benefit all parties involved, most particularly the patients.

My experience with patient care from this group simply could not have been better.

I urge the Health Services and Development Agency to approve this application.

Sincerely,



Margaret Ann Robinson